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Akio Toyoda: back to basics for Toyota
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Toyota chief plans to apologize

Safety problems are likely to spur U.S. legislation

By Joseph B. White And Kate Linebaugh

WASHINGTON—**Toyota Motor** Corp. President Akio Toyoda is expected to apologize during congressional testimony for safety problems involving the company's cars, while U.S. Rep. Henry Waxman said the crisis engulfing the auto maker "will require legislation."

In written testimony submitted to the House Oversight and Government Reform Committee, Mr. Toyoda said Toyota "pursued growth over the speed at which we were able to develop our people and our organization." He also expressed regret at safety problems and recalls that have affected millions of Toyota vehicles.

"I am deeply sorry for any accidents that Toyota drivers have experienced," Mr. Toyoda said, according to the statement. The written testimony was released in advance of the oversight committee's hearing on Wednesday.

Mr. Toyoda's comments came as Rep. Waxman (D., Calif.) said U.S. safety regulators, including the National Highway Traffic Safety Administration, aren't equipped to assess the electronics problems in vehicles. Rep. Waxman, the chairman of the House of Representatives' Energy and Commerce Committee, didn't offer specifics about the likely legislation.

"Car makers have entered the electronics era, but NHTSA seems stuck in a mechanical mindset," Rep. Waxman said in his opening remarks at a hearing to look at complaints of sudden acceleration in Toyota vehicles. "We need to make sure the federal safety agency has the tools and resources it needs to ensure the safety of the electronic controls and on-board computers."

The Energy and Commerce Committee on Tuesday opened the first of three congressional hearings regarding Toyota's safety issues. Committees are expected to grill Toyota executives and federal safety regulators over their response to more than 2,000 complaints of sudden acceleration in Toyota and Lexus vehicles over the past decade. Toyota has recalled more than eight million vehicles globally to fix problems with gas pedals, brakes and other systems.

Rep. Bart Stupak (D., Mich.), chairman of a House Energy and Commerce subcommittee, said at Tuesday's hearing that the Toyota crisis draws into question whether a U.S. law known as the Tread Act has achieved its intended purposes. The law was put in

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Associated Press

Toyota's U.S. sales head, James Lentz, arrives to testify before a U.S. congressional panel in Washington on Tuesday.

Support wavers at auto maker for its president

By Norihiko Shirouzu And Mariko Sanchanta

As **Toyota Motor** Corp. President Akio Toyoda prepares to be grilled by members of Congress on Wednesday, doubts have grown among rank-and-file employees and middle managers about whether he is the right man to pull the Japanese auto maker through the recall debacle that threatens to tarnish its hard-won reputation for quality.

The crisis has shone a harsh light on Mr. Toyoda's management style, and on the company's management structure as well. Mr. Toyoda's actions since the safety crisis unfurled—including flying to Davos, Switzerland, just as the U.S. recalls were announced, vacillating last week on whether he would attend the congressional hearings in Washington and generally staying behind the scenes—have led onlookers to question whether he is a deci-

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Farm subsidies backfire in India

By Geeta Anand

SOHIAN, India—India's Green Revolution is withering.

In the 1970s, India dramatically increased food production, finally allowing this giant country to feed itself. But government efforts to continue that miracle by encouraging farmers to use fertilizers have backfired, forcing the country to expand its reliance on imported food.

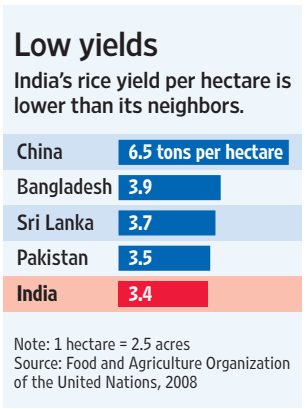
India has been providing farmers with heavily subsidized fertilizer for more than three decades. The overuse of one type—urea—is so degrading the soil that yields on some crops are falling and import levels are rising. So are food prices, which jumped 19% last year. The country now produces less rice per hectare than its far poorer neighbors: Pakistan, Sri Lanka and Bangladesh.

Agriculture's decline is emerging as one of the hottest political issues in the world's biggest democracy.

On Thursday, Prime Minister Manmohan Singh's cabinet announced that India would adopt a new subsidy program in April, hoping to replenish the soil by giving farmers incentives to use a better mix of nutrients. But in a major compromise, the government left in place the old subsidy on urea—meaning farmers will still have a big incentive to use too much of it.

The setback of the Green Revolution matters enormously to India's future. The country of 1.2 billion has positioned itself as a driver of global growth and as a significant commercial power in coming decades.

India likely will struggle to get there, and to return to the heady days of 9% economic growth, unless it figures out how to reinvigorate its agricultural sector, on which the majority of its citizens still rely for a living.


Low yields
India's rice yield per hectare is lower than its neighbors.
China 6.5 tons per hectare
Bangladesh 3.9
Sri Lanka 3.7
Pakistan 3.5
India 3.4
Note: 1 hectare = 2.5 acres
Source: Food and Agriculture Organization of the United Nations, 2008

Agriculture has lagged behind other industries such as manufacturing and services, posting less than 2% growth in the latest reports on gross domestic product. And double-digit food inflation and declining yields spell less money in the pockets of rural Indians.

India spends almost twice as much on food imports today as it did in 2002, according to the Ministry of Agriculture. Wheat imports hit 1.7 million tons in 2008, up from about 1,300 tons in 2002. Food prices rose 19% last year.

To be sure, there are bright spots. Indian officials say the country may produce a record wheat harvest this year because of good weather conditions, unless rain or hail appear. The wheat harvest

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What's News—

* * *

Business & Finance

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■ **Three major shareholders** of Ping An Insurance will gradually sell their holdings in the company after a lockup period on the stock expires Monday. **19**

■ **Intel announced** an alliance with 24 venture-capital firms to invest $3.5 billion in U.S. technology companies over two years. **21**

■ **U.S. consumer confidence** fell sharply in February, while home prices declined in December but were higher when adjusted for seasonal factors. **8**

■ **U.S. stocks tumbled** as a drop in consumer confidence raised concerns about the outlook for consumer spending. Hong Kong shares advanced as investors picked up property developers. **27**

■ **SecondMarket**, a U.S. firm that provides a venue for trading illiquid assets, is getting a $15 million investment from Singapore's Temasek and a Hong Kong foundation set up by Li Ka-shing. **24**

■ **Bonuses for people** in the New York securities industry rose almost 17% to $20.3 billion in 2009 as financial firms recovered. **25**

■ **A standoff between Greece** and its euro-zone partners over a potential rescue is nearing a crucial juncture as the country faces a test of investor willingness to keep funding its deficit. **6**

■ **Canada's Brookfield** Asset Management is readying a bid for a large stake in U.S. mall owner General Growth Properties, aiming to top a bid by Simon Property. **9**

■ **Maruti Suzuki India will recall** more than 100,000 of its A-Star small cars to replace a defective part in the fuel tank. **20**

Reuters

Passengers travel in an overcrowded train in the eastern Indian city of Patna on Tuesday, amid media reports that passenger fares are unlikely to be revised when Railways Minister Mamata Banerjee presents the annual railway budget before parliament on Wednesday. Two days later, Finance Minister Pranab Mukherjee will present the general budget.

■ **GM's Indian unit said** it will hire up to 1,000 people by the end of the year as it increases output to meet rising local demand. **20**

■ **Oil Search's full-year profit** tumbled on lower oil and gas prices. The company also unveiled an expansion timetable for a liquefied-natural-gas project in Papua New Guinea. **20**

■ **A senior executive** at Telecom Corp. of New Zealand, the country's dominant telecom operator, resigned following the fourth major outage since December at its new XT mobile network. **18**

■ **BHP Billiton plans to meet** with debt investors in Australia in coming weeks. The mining giant has been absent from the domestic bond market since 2001. **23**

* * *

World-Wide

■ **As many as 70 people** were feared dead after a landslide struck an Indonesian tea plantation in the village of Tenjoljaya, on the island of Java, following days of heavy rain. **WSJ.com**

■ **The Indian government** rebuffed overtures by the country's Maoist rebels for a 72-day truce, saying it was unclear whether the offer was authentic. **4**

■ **Karzai took control** of Afghanistan's independent election-watchdog agency, consolidating his hold on power ahead of parliamentary elections set for September. **5**

■ **A new Afghan administrator** moved into Marjah, an overt sign that the military campaign to oust the Taliban is giving way to a civilian effort to win over locals. **5**

■ **Australia's government said** it will propose strengthening laws against people-smuggling and other border-security issues. **6**

■ **A car bomb exploded** at a courthouse in Northern Ireland, in an attack designed to rattle the peace process. No one was hurt.

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Pringle designer Clare Waight Keller is moving the knitwear label closer to its Scottish roots.

Continuing coverage

Follow the U.S. House of Representatives hearings on Toyota at **asia.wsj.com**.

The Daily Fix

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Olympic track legend Carl Lewis has fallen in love with curling. Find out why.

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WORLD NEWS: THE TOYOTA HEARINGS

Japan's regulatory landscape shifts

Authorities are set to tighten vehicle-recall rules as changes to legal system start to smooth way for lawsuits

By Yuka Hayashi

TOKYO—Japan's transport authorities are set to tighten rules related to vehicle recalls, in a step to respond to criticism that deferential government policies and legal rules may have delayed the handling of safety problems at **Toyota Motor** Corp.

Transport Minister Seiji Maehara on Tuesday said the government will review several aspects of the recall system with an eye toward strengthening its authority and capability in gathering information on vehicle problems and enforcing remedial action when necessary.

Such changes in Japan's regulatory and legal system are likely to raise pressure on companies like Toyota in the future. Lawsuits and car recalls have grown steadily in recent years, though they still remain below American levels.

"The tradition here was that the authorities never required companies to take the most strenuous steps," said Tsuneo Matsumoto, professor at Hitotsubashi University's Graduate School of Law.

A Toyota spokeswoman in Tokyo declined to comment, citing pending legal cases in North America.

In North America, dozens of legal complaints have emerged on behalf of car owners seeking compensation for everything from injuries to erosion of the resale value of their cars. So far in Japan, no lawsuit has been filed against Toyota related to the latest recall here, in which it recalled 223,000 vehicles of the Prius and other hybrid models to fix the control program for their brake systems.

"In the U.S., you can go after a company citing anxiety caused by a faulty product," says Tadashi Nakamura, a Tokyo lawyer familiar with auto-recall issues. "In Japan, you have to prove the actual loss, and getting compensated for it is very difficult."

Associated Press

Japan is looking to beef up regulatory powers in the wake of Toyota problems.

Japanese courts rarely award punitive damages beyond compensatory damages, discouraging consumers and lawyers from suing companies hoping for fat payouts. Furthermore, class-action suits are rare in Japan, where proving connections between individual cases is tougher than in the U.S.

Recall rules are also looser in Japan than in the U.S. In Japan, auto makers are required to report recalls to transport authorities only if the vehicles are found to have problems that fail to comply with the existing national safety standard. Other types of repairs are done on a voluntary basis without government supervision, making this a more appealing option from the companies' public-relations perspective.

In the U.S., all vehicles must be recalled under the supervision of the National Highway Traffic Safety Administration if "safety-related defects" are detected, not just when failing to meet the existing standard. Vehicles with new types of problems not covered by the current standard would also be recalled.

The announcement of Toyota's latest global recall was delayed as the company debated whether the problem with the Prius's brake system required a recall or just a voluntary repair. The company eventually went with a recall.

Mr. Maehara said Tuesday the staff of the Japan's vehicle-focused National Traffic Safety and Environment Laboratory should be expanded. The section in the laboratory responsible for auto recalls has 16 staffers, and all but one are part-time employees. The government will also study whether the existing system to enforce a recall when it sees a problem is sufficient, the minister said, without giving further explanation.

The rules requiring recalls—and permitting lawsuits—have toughened in Japan in recent years. That resulted in an increase in the number of recalls. During the fiscal year ended in March 2008, Japan's Ministry of Land and Transport received 295 cases of recall involving 5.4 million vehicles, similar to levels seen in the past few years. That compares with 93 cases with 1.1 million vehicles a decade earlier. In the U.S. last year, about 15 million cars were recalled.

In Japan...

- Courts rarely award punitive damages
- Class-action suits are more difficult to launch than in the U.S.
- The culture plays down confrontation

But...

- Recall requirements have been strengthened recently
- The number of lawyers has boomed
- Deregulation in legal system has spurred aggressive solicitation for clients

Deregulation in the past several years has spurred more competition among lawyers in Japan, sending some to solicit customers aggressively. The growing creation of law schools modeled after U.S. institutions and a change in the bar-exam system have allowed the number of lawyers in Japan to soar. And the lifting of a ban on legal advertising and mergers and acquisitions have paved the way for the emergence of law firms with hundreds of lawyers.

Currently, 29,000 lawyers practice in Japan, up 68% from 2000. That compares with 1.18 million active attorneys in the U.S. last year. The number of civil cases filed in Japan, meanwhile, totaled 235,509 during 2009, up 73% from five years earlier. Yukito Ishimaru, a 37-year-old lawyer who made a name for himself by going after consumer lenders for overcharging interest, thinks the Prius recall could result in "a fair number" of lawsuits seeking compensation for damages.

"Competition is boosting the quality of services and lowering prices of legal service in Japan," says Mr. Ishimaru, who wants to beef up business in traffic accidents and immigration services. "We are finally beginning to look like a normal industry."

News of numerous class-action suits filed in the U.S. against Toyota has been reported widely by the Japanese media, drawing mixed reaction from Japanese consumers.

"Toyota has been arrogant," says Shuichi Horyoda, a 63-year-old financial-industry executive. "It's good that lawsuits are taking place now so Toyota will go through soul-searching."

—Miho Inada and Dionne Searcey contributed to this article.

Toyota recall dims Tokyo's export outlook

By Takashi Mochizuki

The Japanese government acknowledged for the first time Tuesday that **Toyota Motor** Corp.'s massive global recall could have a knock-on effect on the world's second-largest economy, which is struggling to overcome deflationary pressures.

Japan downgraded its assessment of exports in its economic report for February, partly because of concerns stemming from Toyota's recall of more than eight million vehicles world-wide.

Akio Toyoda, the car maker's president, is set to testify before the U.S. Congress on Wednesday.

Toyota's pole position as the world's largest auto maker means that it is one of the leading exporters in Japan, at a time when the country's economic recovery is fragile and susceptible to external shocks.

Shipments of cars and automobile parts accounted for about 15% of Japan's overall exports in 2009, analysts say. Daiwa Research Institute says if Toyota's recall issue worsens, the fallout could push Japan's nominal gross domestic product down by 0.12 percentage point in the future.

On the mend

Change from previous year in Japan's exports to:

Source: Japan's Ministry of Finance

The government left its overall economic assessment unchanged for the seventh straight month, saying "the economy has been picking up," but downgraded its assessment of exports to "increasing moderately" from "increasing" a month ago.

The downgrade was partly due to "Japanese cars' recall issues," said Keisuke Tsumura, a parliamentary secretary at the Cabinet Office.

"It is very disappointing," said Mr. Tsumura, citing private research showing sales of Japanese cars in the U.S. dropped by 4.3% in January from a year ago.

He added that feedback from U.S. retailers shows demand for Japanese cars in the U.S. isn't in good shape in February, either.

"I've heard that sales [of Toyota's cars] have been decreasing in a part of overseas markets, so we need to watch the impact" on the Japanese economy, said Naoto Kan, finance and economy minister, at a news conference. "Still, I don't expect the [recall] problem to affect the economy soon."

But the possibility that the recall could pose a downside risk to the export-reliant economy hasn't been ruled out in the medium term, and the government is alert to whether additional economic stimulus measures may be needed.

Toyota has recalled more than eight million vehicles world-wide following a series of complaints and a slew of lawsuits linking vehicle flaws to 30 deaths in the U.S.

The government is also wary about the impact of Toyota's recall on domestic private spending although there hasn't been any notable impact yet.

It kept its view unchanged that private spending is "picking up" in February.

"We are concerned that the car recall issues may negatively affect other sectors of the economy, such as retail, services and transportation," said Hiroshi Watanabe, an economist at Daiwa Research Institute.

Aside from the Toyota recall, Mr. Tsumura said moderating shipments to Asia contributed to the downgrade in the export assessment. Official data show the volume of exports fell 1.3% from a month earlier in December.

On the price side, Tokyo reiterated in February that the country's economy is in mild deflation and the government will work closely with the Bank of Japan to fight it.

"We are adopting the same stance that we should combat deflation," Mr. Kan said.

Separately, Toyota's domestic and global output soared in January, before it was hit with the recall crisis.

Toyota said Tuesday that it boosted production in Japan last month by 29% to 268,888 vehicles. Meanwhile, its overseas output in January shot up 84% to a record for the month of 375,037 vehicles. Of the total, U.S. output more than doubled to 98,000 vehicles.

A Toyota spokeswoman attributed the increased production figure to a low basis of comparison with the year-earlier month, when the company was still adjusting to a slump in demand in the wake of the economic slowdown. She said it is hard to gauge the extent of the recall's impact on the monthly data, but there appears to be no negative impact reflected.

The company's domestic sales in January increased 45% to 121,043 vehicles, while exports shot up 44% to 130,928 vehicles. With the inclusion of units **Daihatsu Motor** Co. and **Hino Motors** Ltd., Toyota's domestic output in January totaled 329,124 vehicles, up 19% year-to-year.

—Hiroyuki Kachi contributed to this article.

Diplomats are key to talks in India

Old ties between foreign secretary and her counterpart in Pakistan could prove crucial in round of peace efforts

When the foreign secretaries of India and Pakistan sit for historic talks Thursday, they won't need any formal introductions.

*By **Amol Sharma** in New Delhi and **Zahid Hussain** in Islamabad*

Agence France-Presse/Getty Images (2)

Former diplomats say the familiarity of India's foreign secretary, Nirupama Rao, left, with her Pakistani counterpart, Salman Bashir, will prove crucial in peace talks between the nations.

India's Nirupama Rao and Pakistan's Salman Bashir struck up a cordial relationship in Beijing when they were both posted as ambassadors to China. They have kept in touch, meeting in New York last fall and on the sidelines of international conferences.

That familiarity could prove crucial as the two diplomats kick off the first round of peace talks between India and Pakistan since the Mumbai terrorist attacks of November 2008, when gunmen killed 166 people in a gruesome rampage in India's financial capital.

"She is a thorough professional and it is always easier to communicate to a person whom you already know," Mr. Bashir said in an interview.

The first meeting in New Delhi will focus on setting the agenda for further dialogue. Ms. Rao will be under pressure domestically to make terrorism the central issue, especially in light of a Feb. 13 bomb blast at a bakery in the Western city of Pune, which killed 15 people.

Indian investigators haven't named any suspects but speculation has centered on a Pakistani link to the attack.

Mr. Bashir will likely push for the resumption of a broad dialogue that includes the disputed Himalayan region of Kashmir, which both Pakistan and India claim in its entirety and over which they have fought two wars since their independence in 1947.

Ms. Rao became the second woman to head India's Foreign Service in July. The 59-year-old, who sings jazz and writes poetry in her spare time, has had senior postings in Peru, Sri Lanka, Russia and Washington over a 37-year career. As chief spokeswoman for the External Affairs Ministry in 2001, she issued the terse statement that indicated a promising peace summit in the Indian city of Agra had ended in disaster—one of the lowest points in recent India-Pakistan relations. It was Ms. Rao's phone call to Mr. Bashir this month that set in motion the latest detente between the nuclear-armed rivals.

India's Ministry of External Affairs declined to make Ms. Rao available or to comment on her relationship with Mr. Bashir. But former diplomats who know her say her familiarity with her Pakistani counterpart will be helpful.

"You can sit across the table and express your country's point of view," said Lalit Mansingh, a former Indian foreign secretary and ambassador to the U.S. "But if you can step aside and have a conversation without taking notes—that's very important. Informal diplomacy is always the most effective."

Ms. Rao's formative experience was her work on China over two decades, which culminated in a three-year stint as ambassador. India's dealings with China, where prickly matters like longstanding border disputes have been set aside, at times, to make progress on trade relations, could prove useful training if India wants to engage Pakistan while leaving the most intractable dispute—Kashmir—for later.

"We've learned with China how to put long-term issues in a separate box, while normalizing relations on other fronts," Mr. Mansingh said.

Mr. Bashir, 58, took over as foreign secretary in April 2008 following one of Pakistan's most turbulent periods in modern history, which put a new civilian government in charge and put President Pervez Musharraf on a path to his eventual ouster.

Previously, Mr. Bashir held postings in Geneva, Denmark and Lithuania, before serving in China. Colleagues describe him as a soft-spoken but tough negotiator who isn't rigid in his views.

Mr. Bashir says he wasn't surprised to get the call from Ms. Rao, given their strong rapport. "The real challenge is how to steer the talks to a more meaningful and substantive direction," he said.

The good feelings between Ms. Rao and Mr. Bashir won't, on their own, soothe the tensions between their countries. Case in point: Pakistan's ambassador to the United Nations in Geneva said recently that Islamabad fears India could use the nuclear fuel it imports through agreements with the U.S. and other countries to advance its manufacturing of nuclear warheads. An Indian official called the claim unfounded.

India's minister of external affairs, S.M. Krishna, said in an interview with an Indian news channel that the latest talks were spurred partly by Pakistan's progress in bringing the alleged culprits of the Mumbai attacks to justice. After initial delays, Pakistan has put seven people on trial and started taking testimony.

But critics say Pakistan hasn't done nearly enough, given that Lashkar-e-Taiba, the militant group behind the Mumbai attacks, hasn't been shut down. "It's a very bad idea to talk to Pakistan," said Brajesh Mishra, who was national security adviser in the government headed by former Prime Minister Atal Bihari Vajpayee of the Bharatiya Janata Party, which is now India's main opposition. "In reality, they've done nothing about the Bombay attacks."

The latest major peace talks between Indian and Pakistan, which started in 2004, were carried out largely through back-channel discussions that had the blessing of Mr. Musharraf and Indian Prime Minister Manmohan Singh. Progress was made on expanding bus services between the Indian- and Pakistani-controlled portions of Kashmir.

The two sides also made headway on a long-running dispute over Sir Creek, a 95-kilometer strip of water on India's Western border that opens up to the Arabian Sea. The countries exchanged maps dating back to the early 20th century to make their competing claims. Talks began to fizzle in 2007 amid political turmoil in Pakistan, and were cut off completely after the Mumbai attacks.

Mr. Krishna said in the television interview that India won't resume that "composite dialogue" in these talks but is prepared to let Pakistan place its "concerns on the table."

Indian government rebuffs Maoist overture

By Krishna Pokharel

NEW DELHI—The Indian government rebuffed an overture by the country's Maoist rebels for a 72-day truce, saying it was unclear whether the offer was authentic.

In a terse statement Tuesday, Indian Home Minister Palaniappan Chidambaram said he wanted a "short, simple" declaration from the rebels—who seek to overthrow the Indian government—that they would abjure violence and were prepared for talks. As a sign that the government didn't have a channel of communication with the rebellion's leadership, Mr. Chidambaram also mentioned his office's fax number for the rebels to send their offer in written form.

Speaking to local television channels and news agencies Monday evening, Koteshwar Rao, better known by alias Kishenji, said his group was ready to stop the violence for 72 days if the government halted its attempts to suppress the group. In a separate statement issued by his aide, Kishenji proposed the cease-fire to begin Feb. 25 and asked the "liberal intellectuals and human-rights groups" to mediate. Kishenji is the politburo member of the outlawed Communist Party of India (Maoist), the main Naxalite faction.

Both the government and the Naxalites have said they would talk, but each side doesn't agree with the conditions put forth by the other. While the government insists the rebels should give up violence ahead of talks, the rebels have varying preconditions. Wednesday's cease-fire offer by Kishenji mentioned a halt in the government's massive hunt of the rebels that started last year as the group's only condition for talks, but the group's main leader has said there are two other key demands.

In the group's piece published Monday, Mupalla Laxman Rao—the general secretary of the Maoist party—said for any talks to take place the government should also release the group's leaders who have been arrested and remove the political ban on the party. Mr. Rao, a teacher-turned-revolutionary in his late 50s, said, "The same leaders who are released from jails would lead and represent the party in the talks."

Associated Press

Maoist rebels escort an abducted government official before his release Friday.

Both Kishenji and Mr. Rao couldn't be reached to comment.

"Government has to stop the violence first, as ours is the only reaction to it," said P. Govindan Kutty, editor of People's March, the Indian Maoists' publication, in Kerala, the coastal state in the country's south.

The government made its intentions clear on Tuesday. "I would like no ifs, no buts and no conditions," said Mr. Chidambaram, India's home minister.

Meanwhile, the violence continues. Security forces and the Maoist rebels engaged in a gun battle late Monday in a Naxal-dominated part of the eastern Indian state of West Bengal. Three Maoists were suspected to have been killed, but police found only one body, a local police officer said.

Since the start of the year, 153 people from across eight Indian states have died in the fight between the rebels and the security forces, according to South Asia Terrorism Portal in New Delhi. The death toll in the Maoist insurgency was 1,125 last year, the highest among any of the country's security challenges, according to India's Ministry of Home Affairs.

Afghan official comes to Marjah

Sign of beginning of campaign to win locals

By Michael M. Phillips

MARJAH, Afghanistan—The new Afghan government administrator of Marjah moved into town Tuesday, the most overt sign so far that the fierce military campaign to oust the Taliban is beginning to give way to the civilian campaign to win over the locals with economic aid and public services.

Abdul Zahir arrived in Marjah on a Marine helicopter with a small advance team of British and American diplomats to help oversee a flurry of aid projects. Mr. Zahir and his boss, Helmand Province Gov. Ghulab Mangal, immediately presided over the distribution of food oil, rice, tea, sugar and blankets to hundreds of locals who gathered at a mosque in the center of town.

"In the area where security is good enough, we're starting to do the work of governing," Mr. Zahir, the Nad-e-Ali District sub-governor, said in an interview.

As of sundown, there was no significant fighting reported in central Marjah, a first in the 11-day-old offensive. The lull likely doesn't signal an end to armed resistance, however. Intelligence reports suggest there are still pockets of insurgent fighters around Marjah. The Marines expect to be battling improvised explosive devices and other booby-traps for weeks or months.

"That simply tells me they're prepping for a new phase—IEDs and suicide bombers," said Lt. Col. Cal Worth, whose 1st Battalion, 6th Marine Regiment, is the main force in central Marjah.

Also Tuesday, the commander of U.S. and NATO forces in Afghanistan went on national television Tuesday to apologize for a deadly weekend air strike, an extraordinary attempt to regain Afghans' trust in the south. In a translated video broadcast on Afghan television, a stern Gen. Stanley McChrystal apologized for the strike in central Uruzgan province that Afghan officials say killed at least 21 people.

"I pledge to strengthen our efforts to regain your trust to build a brighter future for all Afghans," he said in the video, the Associated Press reported.

Marjah's new de facto mayor, Mr. Zahir, a black-bearded native of Helmand Province, spent the years of Taliban rule in Germany, working at a dry cleaner and hotel. Since the Taliban fell in 2001, he has represented the government at councils of elders.

For his first night in Marjah, Mr. Zahir was lodged in a simple tent at a Marine outpost, his isolation evidence of the fragility of the security situation. Kabul has yet to set a date for dispatching to Marjah the dozens of bureaucrats in health, education, justice, finance and agriculture necessary to implement the government's promised rebuilding agenda.

But the Marines and Afghan soldiers have seized a larger swath of Marjah, with forces advancing from the north and south, as well as a battalion of Marines expanding from the town's center. Mr. Zahir estimated that 70% of the town is secure enough for him to visit.

Mr. Zahir said the Taliban who have controlled Marjah for the last two years won the locals' tolerance—sometimes even support—by showing respect for Islam, property and women and children.

But he said the Taliban didn't provide basic government services, such as health care and road repair. And Taliban justice was as harsh as it was swift, with beheadings and amputations meted out with little chance for fair trials, he said.

The government's biggest challenge, Afghan officials acknowledge, will be to reverse the damage done by the national police who served in the town before the Taliban takeover. Locals uniformly complain the police were brutal and corrupt.

"Whatever the old police did wrong in the past, we'll get it right this time," Col. Asadullah Shirzai, the Helmand provincial police chief, told the gathering Tuesday.

After the food distribution, some 20 men signed up with the Marines for $5-a-day jobs cleaning roads and irrigation canals.

"It's that first step that they feel safe enough to take advantage of an opportunity to provide for them and their families," said Maj. David Fennell, who jotted down their names and tribal affiliations. "It doesn't necessarily mean they're on our side of the fence yet."

Before he flew out of Marjah, leaving Mr. Zahir behind, Gov. Mangal approached a 12-year-old boy, Allahnazar, who was leaving with a heavy food bundle on his back. "Who's better?" the governor asked. "The government or the Taliban?"

"Whoever brings peace," the boy answered.

Michael M. Phillips

Abdul Zahir, the newly appointed government administrator of Marjah.

Karzai takes over watchdog

By Habib Zahori And Matthew Rosenberg

KABUL—President Hamid Karzai took control of Afghanistan's independent election-watchdog agency, consolidating his hold on power ahead of parliamentary elections scheduled for later this year.

Decisions by the watchdog, the Election Complaints Commission, to throw out nearly a million fraudulent ballots cast in last August's presidential elections denied Mr. Karzai a first-round victory in that race. Though the runoff was later aborted because his main challenger pulled out, Mr. Karzai found the experience humiliating, Afghan politicians close to the president and Western diplomats say.

The president now appears determined to ensure that no such meddling occurs when parliamentary polls are held in September. Mr. Karzai's decree, issued Feb. 17 and made public Monday, put his office in charge of appointing the ECC commissioners. Until now, three of the commission's members, including its chairman, were foreigners appointed by the United Nations; the other two were Afghans.

The presidential palace sought to deflect criticism of the move by saying the decision was an important step in bringing Afghanistan's institutions fully under Afghan control. "We believe that today Afghans are ready to take over the leading role in every aspect of governance," said Hamid Elmi, a spokesman for the president. "Eight years ago, the Afghan government didn't have the capacity and ability of independent governance....Now it is time to hand over the burden to the Afghans and let them to take the lead."

But the Afghan government still expects its Western backers to help pay for and manage the commission. "We still need the financial and technical support of the international community," Mr. Elmi said.

Reuters

Afghan President Hamid Karzai and speaker of the nation's parliament, Mohammad Younus Qanooni, arrive at Parliament.

Western diplomats say they fear the move could further undermine the already low credibility of Afghanistan's electoral institutions, and lead to widespread fraud in favor of Mr. Karzai's supporters during the parliamentary elections. Western officials have already pushed Mr. Karzai to postpone the parliamentary vote, originally scheduled for May, until September.

The diplomats tempered their criticism, however.

One Western diplomat said Mr. Karzai's decree on the ECC caught the diplomatic community off guard, and the international officials were still trying to determine its significance.

The U.S. Embassy said it understood the need to bring Afghan institutions under Afghan control, although it stopped short of endorsing Mr. Karzai's move. "The composition of Afghanistan's electoral institutions is ultimately an issue for the Afghan government and people to determine," said Caitlin Hayden, a embassy spokeswoman. "We support electoral institutions and reforms that provide the Afghan people with a system that ensures elections will be fair, credible, transparent, and respectful of human rights."

Opposition politicians were more pointed in their criticism, characterizing the move as a power grab by the president. The decree "will be a huge blow to all the efforts to transform Afghanistan into a democratic country," said Mirwais Yasini, a lawmaker who ran in last year's presidential election, finishing well behind Mr. Karzai and the top challenger, former foreign minister Abdullah Abdullah.

Having foreigners on "the [commission] gave us the sense that there were some people who could prevent our votes from being stolen by those in power," he said.

Tarin resigns finance post in Pakistan

By Haris Zamir And Neelabh Chaturvedi

KARACHI—Pakistan's finance minister announced his resignation Tuesday, leaving a leadership vacuum in a country whose economy still depends to a great extent on overseas assistance.

Shaukat Tarin, who became finance minister in October 2008 when the economy of the strife-torn South Asian nation was on the brink of collapse, played a key role in sewing up aid from the International Monetary Fund that helped boost dwindling foreign exchange reserves and avert a sovereign default.

Mr. Tarin said he will now work for Silkbank, a private bank in which he's a major shareholder.

"I had submitted the resignation to the prime minister on Feb. 1 and will continue working till Feb. 28," Mr. Tarin told reporters.

Prime Minister Yusuf Raza Gilani has accepted Mr. Tarin's resignation, the government said.

Pakistan's benchmark KSE-100 stock index fell 1.2% on the news Tuesday, closing at 9839.92..

Mr. Tarin said he was resigning to focus on his business.

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WORLD NEWS

Pressures rise over Greece bailout

Haggling over possible EU aid has become a game of chicken between Athens and core euro-zone economies

By Marcus Walker And Charles Forelle

A standoff between Greece and its euro-zone partners over the timing and terms of a potential rescue is nearing a crucial juncture as the cash-strapped country faces a key test of investor willingness to keep funding its ballooning deficit.

Greece faces several important challenges in the coming days, including an expected bond auction, a planned general strike on Wednesday, and a visit from European Union officials that began Monday, aimed at pushing the country to take tougher steps to rein in its budget deficit.

Euro-zone leaders have so far offered only a deliberately vague promise of "determined and coordinated action, if needed" to help Greece, and only under the condition that Greece imposes more painful fiscal measures than it has so far agreed to, including a sales-tax increase and deep cuts to public-sector pay.

The haggling over possible European aid for Greece has become a game of chicken between Athens and the core economies of the euro zone, led by Germany and France.

Germany and France are deeply reluctant to pay for Greece's free-spending ways and want to keep up the pressure on Athens to enact far-reaching overhauls of taxes and public spending.

The Greek government wants its euro-zone peers to say more explicitly that they will bail out Greece if needed, and how. That would give financial markets more confidence that Greece won't default on its debts, bringing down the yields on Greek bonds and helping the government to raise funds on the market without paying punitive interest rates, Greek officials argue.

The question is who will give in first.

Many analysts say Germany and France, despite their tough talk, will ultimately have to help Greece to avoid wider damage to the euro zone.

"The Greeks have the stronger hand, because they can say: 'Do you really want to make us bankrupt?'" says Daniel Gros, director of the Centre for European Policy Studies, a Brussels think tank.

A Greek default would create too great a risk of financial-market panic spreading to other struggling economies including Portugal, Spain and Italy, threatening major German and French export markets as well as the financial health of many euro-zone banks exposed to Southern European debts.

In addition, Greece still has the option of asking the International Monetary Fund for aid, bypassing other euro-zone governments. "As an IMF member Greece is entitled to do so," says Jakob von Weizsäcker, a fellow at Brussels think tank Bruegel. "The euro zone can't tell Greece: 'Comply with our demands, or you're in trouble,'" Mr. von Weizsäcker says.

Euro-zone officials want to show they can handle Greece internally, limiting IMF involvement to technical advice only. But the IMF, which offered Hungary and Latvia relatively generous bailouts during the financial crisis, has said it would offer Greece aid if asked. Greek officials have said they haven't asked anyone for money.

Still, Greece is anxious to extract a clearer pledge of support from the euro zone quickly. Prime Minister George Papandreou has complained that Greece is having to pay too-high interest rates to borrow due to markets' lack of confidence, making the task of cutting its deficit harder.

The Greek government is getting closer to choosing new austerity measures, according to people familiar with the government's thinking Tuesday, the first day of meetings with EU and IMF officials. The talks are likely to wrap up Wednesday night.

According to these people, the new package is likely to include an increase in the current value-added tax rate of 19%, more cuts in civil-service entitlements and higher duties on luxury items such as boats and expensive cars. Greece is also mulling a further rise in fuel taxes. The EU in these talks has also asked Athens to cut one of two extra months of pay that public-sector workers now get over and above their normal 12-month salary—a move the government is resisting, according to the people.

Greek officials say they are considering raising between €3 billion ($4.1 billion) and €5 billion possibly through a bond issue perhaps as early as this week. The bond issue hasn't been confirmed. The interest rate that Greece has to offer to attract investors will be closely watched as an indication of whether Greece can meet its funding needs in the next few months without a bailout from other euro-zone countries.

Meanwhile, Greece's main labor unions are planning a one-day general strike Wednesday to protest the government's measures announced so far, which include cutting public-sector pay and perks.

Luxembourg's Prime Minister Jean-Claude Juncker, who runs meetings of euro-zone finance ministers, said last week that Greece should haul in more revenue by raising sales taxes, imposing excise taxes on luxury goods including cars, and increasing levies on fuel. All of these measures would come from the pockets of Greek consumers.European officials say they also want Greece to cut public-sector pay by more than Athens has pledged to so far, and stress that Greek action to implement these measures—rather than merely announce them—is a precondition of any euro-zone aid.

German and French policy makers view aid to Greece as hard to justify to their domestic voters, at a time when money is tight at home and the pain of the past year's recession is still being felt.

Brussels is also trying to make Greece report details of a controversial 2001 currency swap transaction with **Goldman Sachs Group** Inc. that shrank Greece's reported debt number.

The EU had set a deadline of Friday for a response. An EU spokesman said the Greeks had sent some documents Friday, but they related to a separate Greek accounting problem and not the swap.

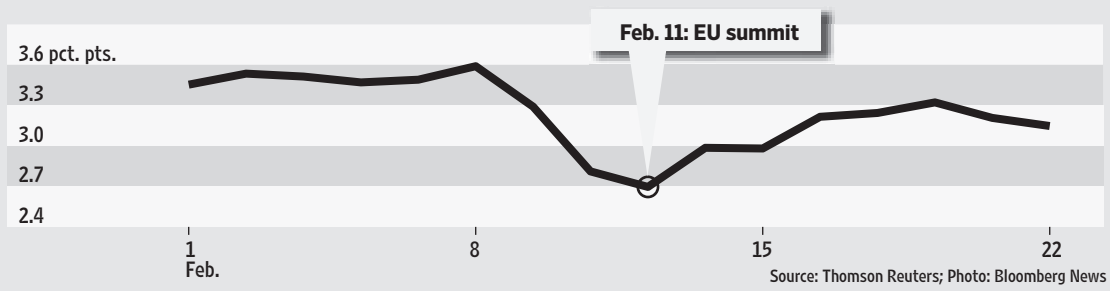
A Greek government official in Brussels said that the finance ministry, which is in charge of gathering the information, was hampered by strikes among its own personnel last week. Greece has asked for more time.

—Costas Paris, Alkman Granitsas and Adam Cohen contributed to this article.

A protestor carries a flag during a demonstration outside the Athens stock exchange Tuesday.

Still jittery

The perception of risk on Greek bonds eased as investors looked to an EU summit for a bailout but rose again after it yielded a vague statement. Spread between 10-year Greek and German bonds.



Source: Thomson Reuters; Photo: Bloomberg News

Australia to propose stronger laws against people-smuggling

By Rachel Pannett

CANBERRA—The Australian government Tuesday said it will propose strengthening laws against people-smuggling, giving the country's intelligence agency new powers to investigate that crime and other serious border-security threats.

The move comes as growing numbers of refugees heading to Australia are becoming a political headache for the center-left administration of Prime Minister Kevin Rudd, allowing the main conservative opposition to close a once yawning gap between the two main parties in voter polls and forcing a rethink of the government's border-protection policies.

The government also unveiled Tuesday plans to target 10 high-risk countries for strict new visa checks, including fingerprinting and facial screening, in response to what Mr. Rudd described as a "permanent" terrorism threat.

The government didn't disclose the names of the countries.

Australia—a U.S. military ally in Afghanistan and previously in Iraq—is facing an increasing threat of homegrown terrorism, Mr. Rudd told reporters.

Tony Abbott, leader of the main conservative Liberal-National opposition, criticized the government for being slow to acknowledge the growing national-security threat.

"We certainly know we've got security problems; obviously, the fact that our borders are out of control is a sign that we've got security problems," he said.

A bill to stop people-smuggling, due to be introduced into Parliament on Wednesday, will allow Australia's national-security agencies, including the Australian Security Intelligence Organization, to collect foreign intelligence about people-smugglers and their networks, Attorney General Robert McClelland, Immigration Minister Chris Evans and Home Affairs Minister Brendan O'Connor said in a joint statement.

It also will create new offenses and penalties for those who finance or provide support for people smuggling activities.

The flow of boat people, periodically a problem in Australia, has surged since the onset of the global financial crisis.

At least a dozen boats carrying around 700 refugees have sought asylum in Australia so far this year, including three since Feb. 12.

The bill, due to be introduced Wednesday, will allow Australia's national-security agencies to collect foreign intelligence about smugglers and their networks.

Mr. Rudd's government has relaxed some rules on asylum applications since taking office in 2007, apparently creating a perception among refugees that it is easier to relocate to Australia than elsewhere.

Since September 2008, the Australian Federal Police have charged 80 people with people-smuggling offenses under the Migration Act, carrying a maximum penalty of 20 years imprisonment.

The new charge of providing material support for people-smuggling will carry a maximum penalty of 10 years imprisonment and/or a fine of 110,000 Australian dollars (US$99,000).

A new offense of people-smuggling involving exploitation, or danger of death or serious harm, will have a maximum penalty of 20 years imprisonment and/or a fine of A$220,000.

Under the antiterror plans, Australian immigration officials will begin screening visa applicants from at-risk countries this year, collecting their fingerprints and photographs, and cross-checking them with international databases.

Australia also will establish a counter-terrorism control center to increase coordination across government agencies.

More than 100 Australians have been killed in terrorist attacks overseas since 2001.

The new checks come as five Australian citizens of Lebanese, Libyan and Bangladeshi origin were last week sentenced in an Australian court to up to 28 years in jail on charges of plotting a terrorist attack on an undisclosed Australian target. That is the longest term for terrorism-related crimes in Australian legal history.

The judge found the men, aged between 26 and 44, had been motivated by violent *jihad,* believing Australia was at war with Islam because of its involvement in Iraq and Afghanistan.

Last August, five men with alleged links to Somalia's Shebab extremists were arrested and charged in connection with an alleged plot to attack Sydney military barracks.

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Consumer mood darkens

Americans more pessimistic about economy, jobs, income prospects

By Joan E. Solsman And Kathleen Madigan

U.S. consumer confidence plunged more than 10 points in February, raising concerns about the outlook for consumer spending, according to a report released Tuesday.

Separately, U.S. home prices fell in December but were up when adjusted for seasonal factors, according to the S&P/Case-Shiller home-price indexes, as yearly declines continued to ease.

The Conference Board, a private research group, said its index of consumer confidence declined to 46.0 this month, from a revised 56.5 in January, first reported as 55.9. The February reading was far below the 54.8 expected by economists surveyed by Dow Jones Newswires.

The present-situation index, a gauge of consumers' assessment of current economic conditions, fell to 19.4 this month from 25.2 in January, originally reported as 25.0. The February index was the lowest in 27 years.

Consumer expectations for economic activity over the next six months dropped to 63.8 from a revised 77.3, first reported as 76.5.

"Fewer consumers [are] anticipating an improvement in business conditions and the job market over the next six months," said Lynn Franco, director of the Conference Board Consumer Research Center. "Consumers also remain extremely pessimistic about their income prospects."

Sentiment about the current labor markets took a direct hit in February, even as government data for January showed some improvement in the jobless rate. The percentage of respondents who think jobs are "hard to get" rose to 47.7% in February from January's 46.5%.

The employment outlook didn't fare any better. The percentage of consumers expecting more jobs in the months ahead fell to 13.4% from 15.8%, while the proportion expecting fewer jobs jumped to 24.6% in February from 18.9% in January.

Home prices fell in December but rose when adjusted for seasonal factors, according to the S&P/Case-Shiller home-price indexes, as yearly declines continued to ease.

The report also showed 17.2% of respondents expect their incomes to fall over the next six months, and only 9.5% expect an increase.

"The combination of earnings and job anxieties is likely to continue to curb spending," said Ms. Franco.

For the fourth quarter, the S&P/Case-Shiller U.S. National Home Price Index posted a 2.5% decrease from a year earlier, a significant easing from the 19%, 15% and 8.7% declines in the rest of 2009. It fell 1.1% sequentially but rose 0.3% adjusting for seasonal factors.

The indexes showed prices in 10 major metropolitan areas fell 2.4% in December from a year earlier, while the index for 20 major metropolitan areas dropped 3.1%. Both indexes fell 0.2% from the previous month, although adjusted for seasonal factors, they increased 0.3%.

David M. Blitzer, chairman of S&P's index committee, said the housing market is "definitely in better shape" and that the pace of deterioration has stabilized. But the rate of improvement seen during the summer hasn't survived. "We are in a seasonally slow period for home prices, however, so it is not surprising to see better statistics in the seasonally adjusted data, where 14 of the markets and the two monthly composites all rose in December," he said.

Nationally, home prices are at levels similar to summer of 2003.

Compared with a year earlier, Las Vegas continued to be hit the hardest, posting a drop of 21% in home prices. Tampa and Detroit followed with declines of 11% and 10%, respectively.

The best year-on-year performer was San Francisco, which posted a 4.8% climb.

Don't expect a bipartisan miracle on Thursday

[Capital Journal]

By Gerald F. Seib

Washington wise man Kenneth Duberstein, a former White House chief of staff who has seen many a deal come and go, offers this prediction about Thursday's big bipartisan U.S. health-care summit meeting:

"On Feb. 25," he says, "there will be no immaculate conception."

That is to say, the odds are stacked heavily against any bipartisan agreement emerging magically from the televised confab, at which President Barack Obama and congressional leaders will seek, after a year of bickering, some common ground on health care.

It's always possible that bipartisan nirvana will break out, of course, particularly because, as both sides like to point out, there are ideas for broad insurance reforms on which they actually agree. But don't bet the rent money on it.

Why? There are two big reasons for all the skepticism.

The first is that the most basic predicate for success in any negotiation—that both sides, at the outset, think reaching an agreement is preferable to failing to reach an agreement—doesn't exist here.

Republicans are fairly sure that there's no downside for them in letting Democrats stew in their own juices—either by failing to pass anything or by trying again to sell their general approach to health, which the GOP is convinced is a loser in the U.S. political center.

For their part, Democrats are convinced that there are two ways they still can win politically. The first is if they can compel Republicans to say no in a more-explicit and higher-profile fashion. The second is if they force Republicans to stand behind a detailed health plan of their own, which can be sliced and diced as Democrats' plans have been. (Various Republicans have put forth various plans, but not one that could be called THE Republican alternative.)

The second big reason for pessimism is that a deal requires compromise, and the two sides' very definitions of compromise are poles apart. Democrats think compromise means trimming around the edges of the bills the House and Senate already have passed. Republicans think compromise means total abandonment of those bills.

"There is no negotiation when it comes to either the House or the Senate bill," said Rep. Eric Cantor, second-ranking House Republican, in an interview.

In fact, Mr. Cantor doesn't even describe what is about to come as a bargaining session, but rather as a test. "I don't look at this as negotiation," he said. "I look at this to see if the president wants to come clean and start over."

The White House opened the maneuvering Monday morning by releasing a new version of a draft health bill as the starting point for discussions. Remarkably enough, after a year of high-stakes debate over health care, the draft represented the first time Mr. Obama, who has made health his domestic centerpiece, has put out his own complete plan, rather than rely on Democrats in Congress to do the drafting.

The Obama proposal closely tracks the bill the Senate passed late last year. It costs $950 billion over 10 years to expand coverage through insurance subsidies and broader Medicare and Medicaid coverage.

It drops the idea of a government-run "public option" insurance alternative, eliminates any special deals for specific states to help pay for expanding Medicaid, and retains but delays and slims down a tax on high-end health-insurance policies to help pay the bills. The White House says the plan not only wouldn't add to the federal budget deficit but would reduce it over time.

Yet because it traces its lineage, directly and explicitly, to the health bill the Senate already passed with the votes of exactly zero Republicans, the Obama proposal was promptly dismissed by GOP leaders.

That hardly shocked White House officials, of course. In fact, they see the Republican response as evidence that bipartisan support is simply not there to be had. They argue that critics once called on Democrats to give up on the public option, or to deep-six a proposed surtax on high-income Americans as a way to pay for expanding coverage, as two paths to winning Republican support. Both have been jettisoned, with no bipartisan support in return.

In the end, Democrats and Republicans are making quite different political calculations.

Republicans simply think they have won the battle for public opinion, making standing pat a perfectly good position. "It is not a good state when you have a president and a majority in Congress who are ignoring public opinion," said Mr. Cantor.

For their part, most Democrats still think they have a political imperative to get something passed so they can show results for a year's work, even if that means using budget rules to bypass a Republican filibuster. That means keeping their party united, which argues against backing too far away from what Democrats already have agreed to.

More than that, Democrats are hoping to build a box around Republicans. In Democrats' calculations, Republicans now can be made to look intransigent by refusing to engage.

Or they can offer a comprehensive alternative, which then can be picked apart in the court of public opinion. A real alternative plan is easier to fight, Democrats figure, than some idealized vision of an alternative.

It's a fascinating political equation. It's not, however, much of a basis for a deal.

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THE PROPERTY REPORT

Brookfield to battle for mall giant

Property firm seeks to beat Simon's bid for General Growth and let target exit bankruptcy as stand-alone firm

By Jeffrey McCracken And Kris Hudson

Canadian property giant **Brookfield Asset Management** Inc. is readying a bid to take a large stake in U.S. mall owner **General Growth Properties** Inc., according to several people familiar with the matter, aiming to top an unsolicited bid made last week by mall rival **Simon Property Group** Inc.

Brookfield's planned bid, which could be unveiled this week, would allow General Growth to exit Chapter 11 bankruptcy proceedings as a stand-alone company, with Brookfield as its largest shareholder, these people said.

The Simon bid values General Growth equity at $3 billion, or about $9 a share. Simon would also pay off in cash the company's unsecured creditors, who hold $7 billion in debt, valuing General Growth at $10 billion.

Brookfield's plan, while still being worked out, would value General Growth equity at a little more than $3 billion, the people familiar with the matter said. Unsecured creditors would have to accept equity in General Growth, along with some cash.

The plan would make Brookfield the largest buyer in a massive stock sale General Growth intends to make to raise capital for emerging from bankruptcy court. Brookfield would invest at least $2 billion, these people said, though some of that would likely include forgiving General Growth debt currently held by Brookfield.

The size of Brookfield's proposed ownership stake and the value it will attach to General Growth couldn't be learned.

Brookfield, which has been readying a bid for some time, has lined up a consortium of other investors, many of whom are already General Growth debt holders, said people familiar with the matter. They didn't identify those investors. "It is a friendlier, more consensual deal from the General Growth point of view," one of the people said.

The ultimate amount of stock that General Growth would sell hasn't been determined. Brookfield wants to be a "substantial investor in the company," said a person familiar with the situation, with an eye toward operating General Growth and expanding it.

Associated Press

General Growth owns Boston's Faneuil Hall Marketplace, right, shown in 2007.

In rejecting Simon's bid last week, General Growth executives said they intended to look into all options for exiting bankruptcy, including soliciting other buyout bids and selling stock.

A spokesman for Simon said its bid was the better option for General Growth. "Simon's firm, fully financed $10 billion offer provides immediate 100% cash recovery of par value plus accrued interest and dividends to all unsecured creditors, plus more than $9 per share in value to shareholders. It is the only offer which provides a full cash recovery for unsecured creditors while reducing risk and providing potential upside," the spokesman said.

Chicago-based General Growth sought Chapter 11 bankruptcy last April after failing to refinance portions of its $27 billion debt as they came due. The efforts of Brookfield and Simon come ahead of a March 3 hearing in its bankruptcy case.

At the hearing, U.S. Bankruptcy Judge Allan Gropper is to decide whether and by how much to extend General Growth's exclusivity period. During that period, only the company's board can propose plans for exiting bankruptcy. Once the period expires, creditors and outside parties can do so.

Brookfield's plan is likely to get mixed reactions from General Growth's creditors. It is unlikely that General Growth's stock sale will raise as much as $7 billion and that all of that money would be used to pay unsecured debt. Thus, General Growth's strategy is likely to call for paying part of its creditors' claims in cash and the balance in stock, people familiar with the matter said.

—Mike Spector contributed to this article.

House bargains in Vegas dry up as buyers swarm

By James R. Hagerty

LAS VEGAS—Jonathan Griffin, Michael Pawlak and Chris Iuso all are chasing bargains on foreclosed homes here.

It should be easy. Las Vegas is one of the foreclosure capitals of the U.S., with about one in four households behind on house payments or in mortgage foreclosure. Yet all three of these shoppers—a professional real-estate investor, a county official with federal funds designated for stabilizing neighborhoods and an installer of security systems who needs a new place to live—are frustrated.

"I thought it would be a heck of a lot easier," said Mr. Iuso, a renter who wants to buy a home but has been outbid eight times, usually by investors able to pay cash.

Bargain hunters here and in many other metropolitan areas are up against a paradox. By far the biggest wave of foreclosures since the Great Depression was expected to be a bonanza for anyone with cash or the ability to get a loan. But prospective home buyers say it is increasingly difficult to find foreclosed homes at attractive prices in desirable neighborhoods.

Supply is shrinking largely because of federal and state efforts to help millions of distressed homeowners avert foreclosure, which have delayed many likely foreclosures, keeping the homes off the market for now.

The bargain chase is even tougher for those buying with a loan. Investors with cash have an advantage in that their offers aren't conditional on obtaining a loan, so banks often prefer selling to them than taking the risk that another offer will fall through.

Investors have complaints, too. "This market has been kind of saturated" by people looking for deals, says Mr. Griffin, the investor. More than 50 people show up daily for the auctions, about triple from a year ago, says Mr. Griffin.

Mr. Griffin represents and advises scores of investors who are trying to buy foreclosures here. Among Mr. Griffin's regular clients is Rutt Premsrirut. "Last summer you could make good margins," said Mr. Premsrirut. At so-called trustee sales of homes in foreclosure cases, he could win with bids at around 70% of the estimated market value. Now, he says, homes are likely to go for 85% to 90% of resale value. After accounting for real-estate commissions, repairs and other costs, that leaves little margin for error.

Also competing with the investors is Mr. Pawlak, head of community-resources management for Clark County, which includes Las Vegas. Mr. Pawlak leads a team charged with spending about $30 million of state and federal money awarded to the county to purchase foreclosed homes.

The federal money comes from the $6 billion Neighborhood Stabilization Program created by Congress in 2008. That program is supposed to help local organizations buy and repair foreclosed homes so they don't drag down neighborhoods. Those organizations then sell or rent the homes to people with low or moderate incomes.

Mr. Pawlak says he is handicapped in vying with private investors. For one thing, federal rules require that he buy homes at a discount of at least 1% to appraised value. Appraisers are often more cautious than buyers in estimating values. He also can't make an unconditional offer because the rules require his staff to check for toxic wastes, pests and compliance with building codes, among other things.

"We're competing against people who say, 'I'll take 50 properties, sight unseen,' and we just can't do that," Mr. Pawlak said.

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ObamaCare at Ramming Speed

A mere three days before President Obama's supposedly bipartisan health-care summit, the White House Monday released a new blueprint that Democrats say they will ram through Congress with or without Republican support. So after election defeats in Virginia, New Jersey and even Massachusetts, and amid overwhelming public opposition, Democrats have decided to give the voters what they don't want anyway.

Ah, the glory of "progressive" governance and democratic consent.

"The President's Proposal," as the 11-page White House document is headlined, is in one sense a notable achievement: It manages to take the worst of both the House and Senate bills and combine them into something more destructive. It includes more taxes, more subsidies and even less cost control than the Senate bill. And it purports to fix the special-interest favors in the Senate bill not by eliminating them—but by expanding them to everyone.

The bill's one new inspiration is a powerful federal board that would regulate premiums in the individual insurance market. In all 50 states, insurers are already required to justify premium increases to insurance commissioners, who generally have the power to give a regulatory go-ahead, or not. But their primary concern is actuarial soundness and capital standards.

The White House wants to create another layer of review that will be able to reject any rate increase that is "unreasonable or unjustified." Any insurer deemed guilty of such an infraction by this new bureaucracy "must lower premiums, provide rebates, or take other actions to make premiums affordable." In other words, de facto price controls.

> The White House shows it has no interest in compromise.

Insurance premiums are rising too fast; therefore, premium increases should be illegal. Q.E.D. The result of this rate-setting board will be less competition in the individual market, as insurers flee expensive states or regions, or even a cascade of bankruptcies if premiums are frozen and the cost of the care they are expected to cover continues to rise. For all the Dickensian outrage about profiteering by WellPoint and other companies, insurance is a low-margin business even for health care.

Price controls are always the first resort of national health care—i.e., Medicare's administered prices for doctors and hospitals. This new White House gambit is merely a preview of ObamaCare's inevitable planned medical economy, which will reduce choice and quality.

Meanwhile, the new White House plan further vitiates the remnants of cost-control that remained in the House and Senate bills. Now the highly vaunted excise tax on high-cost insurance plans won't kick in until 2018, whereas it would have started in 2013 in the Senate bill, and this tax will only apply to coverage that costs more than $27,500.

Very few plans ever reach that threshold, and sure enough, this is the same $60 billion deal the White House cut in December with union leaders who have negotiated very costly benefits. Now it is extended to all to avoid the taint of political favoritism.

While the White House claims to eliminate the "Cornhusker Kickback," the Medicaid bribe that bought Nebraska Senator Ben Nelson's vote, political appearances are deceiving. As with the union payoff, what the White House really does is broaden the same to all states, with all new Medicaid spending through 2017 and 90% after 2020 transferred to the federal balance sheet. Governors will love this ruse, but national taxpayers will pay more.

And more again, because the White House has adopted the House's firehose insurance subsidies. People earning up to 400% of the poverty line—or about $96,000 for a family of four in 2016—will qualify for government help, and, naturally, this new entitlement is designed to expand over time.

The Administration also claims to have discarded the House's 5.4-percentage-point surtax on joint-filers earning more than $1 million a year, but it sneaks it back in by expanding the Senate's expansion of the 2.9% Medicare payroll tax to joint income about $250,000. The White House would now apply that tax for the first time to income from "interest, dividends, annuities, royalties and rents," details to come.

* * *

The larger political message of this new proposal is that Mr. Obama and Democrats have no intention of compromising on an incremental reform, or of listening to Republican, or any other, ideas on health care. They want what they want, and they're going to play by Chicago Rules and try to dragoon it into law on a narrow partisan vote via Congressional rules that have never been used for such a major change in national policy. If you want to know why Democratic Washington is "ungovernable," this is it.

A Win for the Philippines

It's been a good few weeks in the fight against terrorism, particularly with the capture of Abdul Ghani Baradar, the Taliban's operational commander, and some of his top lieutenants. Now the Philippines can celebrate, too: Its Marines on Sunday shot dead one of the country's most violent Islamist leaders.

Albader Parad will not be missed. The leader of the al Qaeda-linked Abu Sayyaf, active in the southern part of the country, was implicated in a string of kidnappings and beheadings stretching back a decade. His victims included Red Cross workers and tourists from the Philippines to Malaysia.

Parad's timely demise will be a blow to Abu Sayyaf, at least for a while. The group's leaders have been steadily picked off over the past few years and now only six or seven of an estimated 24 are believed to remain. Abu Sayyaf itself is down to between 300 and 400 members from roughly 1,000 in the early 2000s.

> Killing an Abu Sayyaf leader further weakens a dangerous group.

But it would be dangerous for Manila to rest on its laurels. Abu Sayyaf is composed of largely autonomous cells or units, each with their own financing and planning abilities. Parad himself—he was only in his 20s—illustrates how quickly young members can rise through the ranks. Recruiting seems to be fairly steady, while earlier government efforts to shut down the group have stalled. And they're resourceful: Parad's kidnapping-for-ransom spree showed other members how they can fund themselves even as their foreign support has waned.

That's why Manila should take advantage of this window of opportunity to redouble its fight against Abu Sayyaf. Too bad, then, that President Gloria Macapagal Arroyo has often been distracted by political concerns, including the upcoming presidential election. The military is also chronically under-resourced. Counterterror cooperation with the U.S. has helped, but Manila needs to do more of the heavy lifting in a jungle counterinsurgency that will require political focus and will to sustain.

Any failure by Manila could ripple beyond the archipelago. At least one major foiled terrorist plot against the U.S. was hatched in the Philippines, and Parad happily victimized Malays, Europeans and Americans. Parad's death is a welcome development. Now the Philippine government needs to consolidate its gains.

Fannie and Freddie: The Last SIVs

The first step in treating Washington's spending addiction is for the political class to admit it has a problem. This means being honest with taxpayers about the debts politicians are racking up.

Tuesday in Washington, Members of Congress have an opportunity to set out on the road to recovery by agreeing to co-sponsor the Accurate Accounting of Fannie Mae and Freddie Mac Act. Authored by Representative Scott Garrett (R., N.J.), the bill would require that taxpayers receive an honest accounting of their exposure to the failed housing behemoths.

Taxpayers have been rightly appalled at the $111 billion they've been forced to contribute to these failed housing projects since the takeover, but that figure doesn't begin to describe the taxpayer obligations. Unlike the White House, the Congressional Budget Office at least takes a stab at fair accounting. Its estimates suggest that the toxic twins will consume almost $380 billion from the 2008 takeover through 2020.

> A worthy effort to put them on the budget.

But even CBO is only counting the costs of the subsidies that Fan and Fred pour into the housing market. This is the estimated cost to taxpayers resulting from the more than $5 trillion of mortgages that Fan and Fred own or guarantee. CBO is also guessing how much taxpayers will lose when Fan and Fred modify mortgages to serve Obama housing policy because this program is relatively new.

What is clear is that no one in official Washington is counting the $1.6 trillion in corporate debt issued by Fan and Fred as taxpayer debt, even though we all know who's on the hook for it. Not even Citigroup maintained an off-balance-sheet SIV as big as this one.

This means that when President Obama recently signed an increase in the federal debt limit to a record $14.3 trillion, he was running the limit on Washington's credit card up closer to $16 trillion. Mr. Garrett's bill would require the White House to acknowledge the true costs of Fan and Fred in its annual budget and in calculations of the federal debt.

Mr. Obama need not wait for Congress to send the Garrett bill to his desk. He can order the White House budget office to embrace honest accounting and bring Fannie and Freddie on the federal budget.

Fan and Fred's longtime Congressional protector, Barney Frank, can also take a baby-step toward reform. The Massachusetts Democrat, who recently said that he now favors abolishing the two mortgage giants as they currently exist, hasn't laid out a plan to do so. While he's working on it, he can at least agree to inform taxpayers about the costs.

Letters To The Editor

* * *

Hong Kong Policy Benefits Schools

Hong Kong is not "playing politics with education" and "undermining" civil society by setting up Incorporated Management Committees in aided schools as suggested in your Feb. 9 editorial ("Hong Kong's Political Lessons"). On the contrary, the policy benefits the Hong Kong educational system.

Since 1999, the Hong Kong government has streamlined administrative procedures and devolved to schools more funding flexibility and authority in personnel management, resource deployment and the design and delivery of curriculum. Given this additional autonomy, schools are expected to be more transparent in their operations and accountable to the community. The school governance framework must be more open and participatory, involving representatives of key stakeholders—the school sponsoring body, principal, teachers, parents and alumni as well as community members—in the decision-making process. In 2004, the Legislative Council passed a bill to give legal effect to this school governance framework.

Although most schools have set up parent-teacher associations, these groups do not take part in the management of school. But parents involved in Incorporated Management Committees can participate in decision-making and raise concerns on matters relating to the education and development of students. We believe that under a transparent, accountable and participatory decision-making system in the Incorporated Management Committee, schools can enhance the effectiveness of learning and teaching.

Y.F. Lee
Principal Assistant Secretary for Education
Hong Kong

* * *

Slow, Not Sudden, Progress is Needed

Regarding your editorial "Boycotting Hong Kong" (Feb. 3): The resignation of five pro-democracy legislators is a publicity stunt that will achieve nothing for Hong Kong. Rather than a good tactic to further the cause for democracy, it is a cynical publicity move that threatens needless brinksmanship with Beijing.

A successful transition to democracy as a Special Administrative Region needs broad-based constructive participation. It requires engagement and debate over reform proposals, all of which must fall within the framework set out by the Standing Committee of the National People's Congress.

Your editorial states that the Hong Kong "government, its largest political party and the territory's chamber of commerce" do not "trust" the people of Hong Kong. This ignores reality. Polls conducted by the Hong Kong University and the Chinese University of Hong Kong show that Hong Kongers disapprove of the resignations by a ratio of two to one.

The government in China is not tyrannical. To paraphrase Winston Churchill, never in the history of mankind has so much been done for so many in such a short period of time. The government is in power for one reason: the people want engagement and evolution on a bedrock of social stability. This is precisely what the Chinese government is delivering.

Hong Kong's situation requires cool-headed engagement and dialogue. As the old Mandarin saying goes, "you can make a circle from bamboo if you bend it only a bit every day."

V-nee Yeh and Tobias Brown
Hong Kong
(Mr. Yeh is a nonofficial member of Hong Kong's Executive Council.)

* * *

Accounting for Tiger Transportation Costs

As someone who has followed tiger conservation and the Chinese tiger breeding program for a decade, I found Shai Oster's article presented both sides of the argument fairly, which is rarely the case on this emotive topic ("China's Tiger Farms Spark a Standoff," Feb. 12).

However, I would like to point out that the World Bank estimates of the cost of raising a tiger in captivity are inaccurate. It is true that it is much cheaper to kill a wild tiger than to raise a captive bred animal. But that wild tiger must be transported across numerous borders to be delivered to the end consumer, whereas the Chinese tiger is already on site. As an illicit good, bribes and payoffs would be required; the rule of thumb is a doubling of price each time the cargo is handed off from one dealer to another. China has imposed the death penalty for trafficking tiger parts, and this strong deterrent further jacks up the price. The World Bank has made an apples-to-oranges comparison. Frankly, it is astonishing that such an institution—with its droves of economists—should be spewing out such nonsense.

Kirsten Conrad
Singapore

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Europe's Crisis of Ideas

[Global View]

By Bret Stephens

Europe is in a crisis. Superficially, the crisis is about money: the Greek budget, a German-led bailout, the risk of contagion, moral hazard, the fragility of the euro. Fundamentally, it's a crisis of ideas.

At last month's meeting of the World Economic Forum in Davos, Greek Prime Minister George Papandreou offered a view on the source of Europe's woes. "This is an attack on the euro zone by certain other interests, political or financial," he said, without specifying who or what those interests might be. In Madrid, the government has reportedly ordered its intelligence service to investigate "collusion" between U.S. investors and the media to bring Spain's economy low.

Maybe the paladins of Spanish and Greek politics seriously imagine that hedge-fund managers sit around dimly lit conference rooms like so many Lex Luthors and—cue the sinister cackles—decide on a whim to sink this or that economy. Or maybe they think there are political dividends to reap by playing to peanut galleries already inclined toward these kinds of fantasies.

Whichever way, the recrudescence of conspiracy-theory politics, among governments that supposedly belong to the First World, is just one symptom of Europe's intellectual malaise. On the other end of the spectrum is the view that the Greek crisis is the perfect opportunity to expand the regulatory reach and taxing authority of Brussels. Never mind that Greece's economic woes are transparently the result of a government spending beyond its means while failing to promote growth. In this reading of events, the ideal resolution is to extend the prerogatives of a bureaucracy to an even higher level of unaccountability. This is a bit like saying that if your toenail appears to be seriously infected, consider having brain surgery.

Why do Europeans so often find themselves trapped in this sterile dialectic of populist obscurantism and technocratic irrelevancy? Largely because those are the options that remain when other modes of analysis and prescription have been ruled out of bounds. "All European economic policies are the cultural derivatives of one dominant, nearly totalitarian statist ideology: the state is good, the market is bad," says French economist Guy Sorman. The free market, he adds, is "perceived as fundamentally American, while statism is the ultimate form of patriotism."

Getty Images

Greek Prime Minister George Papandreou

In the U.S., faith in the general efficacy of markets isn't simply a cultural inheritance. It is sustained by the work of serious university economics departments; think tanks like the Hoover Institution and grant-makers like the Kauffman Foundation, plus a few editorial pages here and there. It's also the default position of the Republican Party, at least rhetorically.

By contrast, in continental Europe the dominant mode of conservative politics is sometimes pro-business but rarely pro-market: During his 12-year presidency of France, Jacques Chirac railed against "Anglo-Saxon ultraliberalism," a phrase that became so ubiquitous as to almost obscure its crassly xenophobic appeal. There are think tanks, but they are almost invariably funded by political parties and hew to the party line. Not a single economics faculty in Europe is remotely competitive with a Chicago or a George Mason: Since 1990, only three of the 36 winners of the Nobel Prize in Economics were then affiliated with a European university.

Then there is the media. Last week, German Foreign Minister Guido Westerwelle, who leads the country's market-friendly Free Democrats, took to the pages of Die Welt to lament that Germany's working poor make less than welfare recipients. "For too long," he wrote, "we have perfected in Germany the redistribution [of wealth], forgetting where prosperity comes from."

For his banal observations, Mr. Westerwelle was roundly accused of "[defaming] millions of welfare recipients" and urged to apologize to them. It takes a remarkably stultified intellectual climate for an op-ed to spark this kind of brouhaha: It is the empire of the Emperor's New Clothes, adapted to the 21st century welfare state.

This is all the more remarkable given that Europe's economic travails aren't exactly difficult to grasp. Greece in a nutshell? It costs $10,218 to obtain all the permitting needed to start a new business there, according to Harvard economist Alberto Alesina. In the U.S., it takes $166. But tyrannies of thought are hard to break, especially when the beneficiaries of state largess—from college students to government workers to captains of subsidized industries—become a political majority. The U.S. may now be approaching just such a point itself.

Is there a way out? "I am deeply convinced," says Mr. Sorman, "that I belong to a continuous tradition of liberty against the state, with a fine pedigree: Montesquieu, Tocqueville, Jean Baptiste Say, Jacques Rueff, Raymond Aron, Jean-Francois Revel." Not an Anglo-Saxon name among them. Europe's recovery—and the recovery of Europe—will come only when they are no longer prophets without honor in their own lands.

Write to bstephens@wsj.com

A Fairy Loses Her Wings

[Bookshelf]

The Night Fairy
By Laura Amy Schlitz
(Candlewick Press 117 pages, $16.99)

By Meghan Cox Gurdon

Flory is a night fairy, a fierce little creature with a tangle of curls and unusually flamboyant wings. Just three months old, she's no taller than an acorn, and, though too young yet to cast spells, she's already self-sufficient. "Young fairies have no one to take care of them, because fairies make bad parents," the narrator in "The Night Fairy" explains. "A fairy godmother is an excellent thing, but a fairy mother is a disaster." It is disaster of another sort that befalls Flory in this vivid tale by Newbery Medal-winning author Laura Amy Schlitz. One night, a bat mistakes Flory for a luna moth and munches on her wings in mid-air. Down she plunges, sobbing with rage and loss, into the branches of a cherry tree. Taking refuge in a wren house ("A souvenir from Niagara Falls"), Flory decides to make the best of her bad situation by switching to life as a day fairy. It's difficult: She can't fly and the sunlight makes her eyes water. Yet Flory is nothing if not brave and resourceful, and, in ways that will delight readers ages 7-11, she soon works out how to feed and clothe herself. For protection, she fashions a thorn into a sword; for transportation, she enlists the erratic services of a perpetually hungry squirrel. Meanwhile, her ability to cast stinging spells is beginning to grow in, "like the little white teeth that sprout from a baby's gums," fueling her desire for revenge on the bat that wounded her. This elegant hardback's snug size and Angela Barrett's exquisite miniature illustrations have the effect of making readers feel as if they've crept through a magic portal into a fairy-scale world. Indeed, looking up at story's end, children may be mildly surprised to find that they're still the size they've always been.

Mrs. Gurdon is a regular contributor to the book pages of The Wall Street Journal.

OPINION

Back to Basics for Toyota

By Akio Toyoda

The past several months have been humbling for all of us at Toyota. We are taking this experience to heart, making fundamental changes in the way our company does business. I can assure you that our response will be comprehensive.

The first step is taking care of vehicles on the road today. But it also means making even safer vehicles in the future—and being more open and transparent about any safety issues that arise.

Since last June, when I took over as president of the company, I have personally placed the highest priority on improving quality, not quantity. All Toyota vehicles bear my name. When cars are damaged, it is as though I am as well. I love cars, and I take the utmost pleasure in offering vehicles that our customers love. I, more than anyone, want Toyota's cars to be safe, and for our customers to feel safe when they drive our vehicles.

When my grandfather brought Toyota into the auto business in 1937, he created a set of principles that has always guided how we operate. We call it the Toyota Way, and its pillars are "respect for people" and "continuous improvement." I believe in these core principles. And I am convinced that the only way for Toyota to emerge stronger from this experience is to adhere more closely to them.

Toyota continues to produce many of the best vehicles in the world. Many of the customers who are bringing their vehicles to our dealers for repair continue to tell us how much they love our cars, and I deeply appreciate their loyalty.

Yet it is clear to me that in recent years we didn't listen as carefully as we should—or respond as quickly as we must—to our customers' concerns. While we investigated malfunctions in good faith, we focused too narrowly on technical issues without taking full account of how our customers use our vehicles.

Since we began selling cars in the United States more than 50 years ago, Toyota has done many things right. We've built a strong organization with nearly 200,000 dedicated team members at our plants, dealers and suppliers. Over the past two decades, we have won more than 700 top quality awards from various independent experts, among the highest of any auto maker. We've also led the industry in the development of hybrids, and we are investing billions in the development of next generation environmentally friendly vehicles.

Still, I recognize that we must do better—much better—in responding to safety issues.

This is why I am taking the company back to basics. Across Toyota, we are putting our customers, and the values on which our company was founded, front and center.

A new 'Smart Pedal' braking system will cut engine power when the accelerator and brake pedals are both engaged.

We have already taken a number of concrete steps. Our dealers and team members across America and around the world are making extraordinary efforts to deal with recalled vehicles quickly and conveniently. Toyota engineers have rigorously tested our solutions. And to further validate the safety of our vehicles, we've asked Exponent, a world-class engineering and scientific consulting firm, to conduct a comprehensive, independent analysis of our electronic throttle control system that we will make public when completed.

We are listening more closely to our customers' concerns, gathering information faster, and responding more effectively when there's an issue. In the U.S., we are expanding our field monitoring team and increasing our use of onboard vehicle diagnosis technology. Our commitment to move rapidly is underscored by the speed at which we recently launched recalls to address customer concerns about the Prius and Lexus HS250 antilock brake systems, which we are well on the way to completing.

More broadly, I am personally leading a company-wide effort to institute more stringent quality control. We've begun a top-to-bottom review of our quality control processes from design to production, sales and service. And we are assembling a group of distinguished independent safety experts to confirm that the enhanced quality controls we're putting in place conform to best industry practices.

As an added customer confidence measure, we also will be one of the first full-line vehicle manufacturers to make advanced brake-override systems standard on all of our new models world-wide, and we will include this new feature on an expanded range of existing models as well. This advanced "Smart Pedal" braking system will automatically cut engine power when the brake pedal and the accelerator pedal are pushed simultaneously.

In short, I pledge that Toyota will set a new standard for transparency and speed of response on safety issues. We also will strive to lead on advanced safety and environmental technologies. And I will continue to personally visit our sales and manufacturing workplaces to reaffirm the Toyota commitment to excellent quality.

President Obama has urged all auto makers to act quickly and decisively when problems are identified. I look forward to speaking directly to Congress and the American people about the decisive actions Toyota is taking to make things right for our customers by building the safest vehicles in the world.

Mr. Toyoda is the president of Toyota Motor Corporation.

The Malaysia Divide

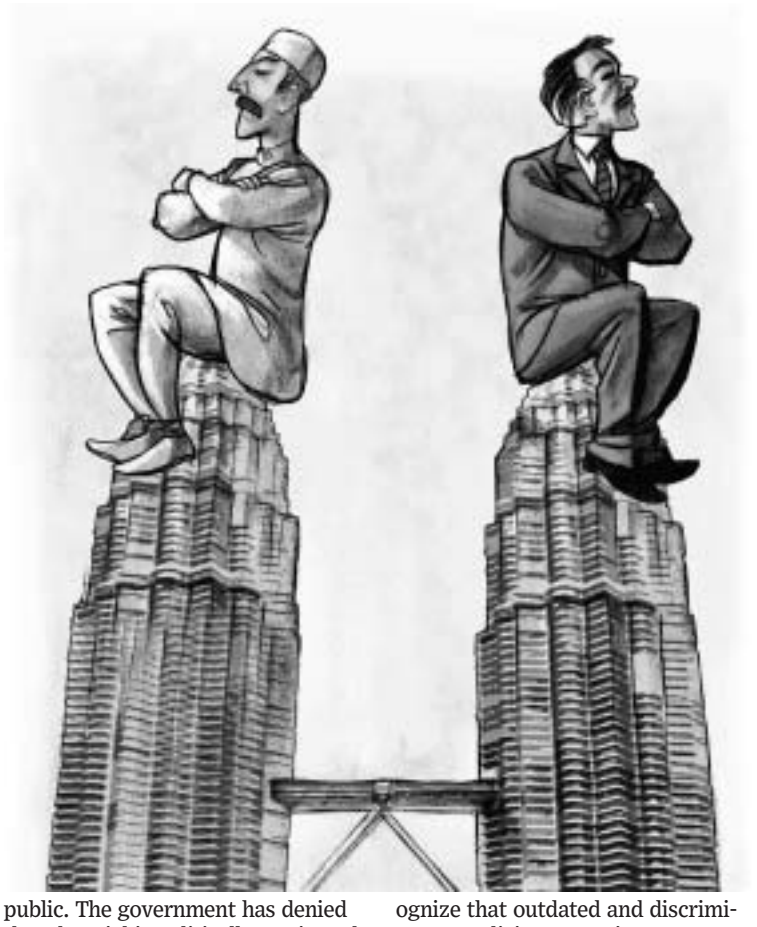
By Alice Lloyd George

Kuala Lumpur

"The Leopard," Giuseppe di Lampedusa's celebrated novel about the crumbling feudal order in 19th century Sicily, made famous the line, "If we want things to stay as they are, things will have to change." That pretty much sums up the predicament of Malaysia's ruling elite today.

The sodomy trial of Anwar Ibrahim drags on in Kuala Lumpur, with the opposition leader's freedom and political career hanging in the balance. But the true significance of this anachronistic case does not depend on the outcome in the courtroom. The political assassination of Mr. Anwar aside, Malaysia is witnessing the death throes of a political machine that has run the country for over five decades. Mr. Anwar is a skilled politician who holds together an unlikely alliance of opposition parties—his conviction would certainly be a blow for the prospect of real political pluralism in Malaysia. But he also serves as a vessel for wider social forces and a disenchantment with the country's leadership. Another figure would surely take his place at the head of the reform movement.

The ruling coalition was founded on the principle that the three main races—Malays, Chinese and Indians—participate in politics through their own parties. Coupled with an elaborate system of affirmative action, this has allowed the United Malays National Organization to maintain a lock on power by protecting Malays from the winds of competition. After the opposition made unprecedented gains in the March 2008 elections, desperate tactics were called for, hence a rather tired repeat of the homosexuality charge first brought against Mr. Anwar a decade ago, now dubbed "Sodomy II" by a skeptical



David G. Klein

public. The government has denied that the trial is politically motivated.

That the political system and patronage network are under increasing stress is clear, but the prognosis is not yet apparent to all. Some in UMNO, like Prime Minister Najib Razak, think they can maintain the old system by merely tinkering around the edges. Mr. Najib has gestured toward loosening long-standing affirmative-action policies, but any good intentions are obstructed by entrenched interests in UMNO's conservative wing—to date the repeals have been cosmetic at best. Others are coming to a different realization—Malaysian society has matured and even Malays now recognize that outdated and discriminatory policies must give way to a more transparent and accountable system.

One such leader is Tengku Razaleigh Hamzah, a former finance minister of royal blood. Mr. Razaleigh has re-emerged as an outspoken critic of the government in recent weeks, though he strongly denies any intention of switching to the opposition. The 73-year-old party veteran has a history of challenging the leadership; in 1988 he left UMNO and formed a rival Malay party before returning to the fold in 1996.

Sitting in his Kuala Lumpur home—a remarkably exact replica of the White House's Oval Office—Mr. Razaleigh argues that UMNO politicians have not been responsive to calls for reform. "The young want to see a really multiracial organization, fighting on egalitarian issues, without having to fall back on race," he explains. "Unless the party system and the political system are reformed exhaustively, I think we are going to be pulled back into the same boat we have been in for the last 50 years."

Mr. Razaleigh believes that Malaysians want to move beyond identity politics, but UMNO is unable to break away from its Malay nationalist roots. Most recently, the government appealed a court ruling that allowed the use of the word "Allah" by non-Muslims. Though UMNO called for calm, the prime minister's statement that he couldn't stop protestors from expressing their opinions only served to fan the flames. The ruling was followed by a spate of desecration and arson attacks on churches and mosques. Mr. Najib further undermined the government's response to the crisis when he flew across the world for a 10-day tour of Saudi Arabia, the UAE and India, taking key cabinet ministers and senior officials with him.

By contrast, in a milestone decision, the opposition Islamic party PAS—which only 10 years ago campaigned to create a theocratic state with Sharia law—took a more moderate stance, urging Malaysians to respect the court ruling. The irony is that while UMNO continues to play race politics to out-Islam its opponents, PAS is appealing to a more progressive voter base.

Part of the reason for the electorate's change of heart is the realization that Malaysia risks being left behind economically if it doesn't climb out of its middle-income trap and eliminate the inefficiencies inherent in racial policies. These policies were formulated in the 1970s, when Malaysia was a tiger economy. Now its growth lags behind Southeast Asian neighbors like Indonesia—the new "i" in BRIC—and China and India increasingly pose competitive challenges.

The country has suffered from an acute brain drain over the last decade, as individuals seek education and employment in countries where talent is better rewarded. Now it faces capital flight, too, with foreign direct investment dropping to $2.7 billion in 2009 from $8.1 billion the previous year, according to United Nations Conference on Trade and Development estimates. One reason is the fear that UMNO will continue to play the race card and stir up tensions to keep itself in power. Another is the government's failure to undertake much-needed institutional reforms and address issues such as corruption, civil liberties and judicial independence. Malaysia's risk index, as calculated by Hong Kong-based Political and Economic Risk Consultancy, rose to 5.4 in January from 5.24 in December on a 10-point scale.

If there is a silver lining here, it is that even as UMNO has stoked tensions, by and large Malaysians have refused to be provoked—a stark contrast to the May 13 Incident in 1969, when rumors of ethnic slights quickly snowballed into massive riots and emergency rule. And that is one more indication that leaders like Mr. Anwar and Mr. Razaleigh are right that Malaysian society is ripe for change. If the current UMNO elite is to stand any chance of remaining in power, it needs to focus on remedying the very real challenges on its doorstep, rather than felling the opposition. Societal reform based on equality of opportunity is a change that is long overdue.

Ms. Lloyd George is a Princeton in Asia fellow at The Wall Street Journal Asia.

IN DEPTH

Agriculture subsidies backfire in India

Continued from first page

last year was better than expected, making some hopeful that the importing trend will be reversed.

Behind the worsening picture is the government's agricultural policy. In an effort to boost food production, win farmer votes and encourage the domestic fertilizer industry, the government has increased its subsidy of urea over the years, and now pays about half of the domestic industry's cost of production.

Mr. Singh's government, recognizing the policy failure, announced a year ago that it intended to drop the existing subsidy system in favor of a new plan. But allowing urea's price to increase significantly would almost certainly trigger protests in rural India, which contains 70% of the electorate, political observers say.

The ministers of fertilizers and agriculture each declined requests for interviews.

"This is politically very difficult," says U.S. Awasti, managing director of the **Indian Farmers Fertilizer Cooperative** Ltd. and an informal adviser to government officials on the issue. The cooperative of 50 million farmers is the largest fertilizer producer in the country.

Farmers spread the rice-size urea granules by hand or from tractors. They pay so little for it that in some areas they use many times the amount recommended by scientists, throwing off the chemistry of the soil, according to multiple studies by Indian agricultural experts.

Like humans, plants need balanced diets to thrive. Too much urea oversaturates plants with nitrogen without replenishing other nutrients that are vitally important, including phosphorus, potassium, sulfur, magnesium and calcium.

The government has subsidized other fertilizers besides urea. In budget crunches, subsidies on those fertilizers have been reduced or cut, but urea's subsidy has survived. That's because urea manufacturers form a powerful lobby, and farmers are most heavily reliant on this fertilizer, making it a political hot potato to raise the price.

As the soil's fertility has declined, farmers under pressure to increase output have spread even more urea on their land.

Kamaljit Singh is a 55-year-old farmer in the town of Marauli Kalan in the state of Punjab, the breadbasket of India. He says farmers feel stuck. "The soil health is deteriorating, but we don't know how to make it better," he says. "As the fertility of the soil is declining, more fertilizer is required."

Increased demand and the soaring price of hydrocarbons, the main ingredient of many fertilizers, have taken India's annual subsidy bill to more than $20 billion last year, from about $640 million in 1976.

"The only way for agricultural yields to rise again is for the government to give farmers the incentives and the products to provide balanced nutrition to their crops," says Bimal Goculdas, chief executive officer of **Dharamsi Morarji Chemical** Co., one of the oldest fertilizer firms in India.

Agriculture experts say the country can't afford to wait. "There are big problems for the future of food production in India if these problems are not addressed now," says Reyes Tirado, an agricultural scientist and researcher for Greenpeace Research Laboratories, an arm of advocacy group Greenpeace International.

Under the new plan, the government will offer subsidies to fertilizer companies on the nutrients, such as sulfur, phosphorus and potassium, from which their products are made, rather than the fertilizer products themselves. The idea is to provide incentives for farmers to apply a better mix of nutrients.

Ultimately, the government plans to pay the subsidy directly to farmers, who will be able to buy products of their choice, including but not limited to urea.

Mr. Singh's government, however, said it would continue to subsidize urea, although it would set the price 10% higher.

Mr. Awasti, the fertilizer cooperative head, says the continuing urea subsidy means that farmers likely will still use too much of it. "The government is opting, as with any very difficult change, to adopt it in phases," he says. He says he believes that the urea subsidy will be dropped altogether in a year.

In the early years after India gained independence in 1947, the country couldn't even dream of feeding its population. Importing food wasn't possible because India lacked the cash to pay. India relied on food donated by the U.S. government.

Akshay Mahajan for The Wall Street Journal

Pritam Singh, who farms 12 hectares in Punjab, says the more desperate farmers become, the more urea they use. Overuse is stunting yields.

IN DEPTH

In 1967, then-Prime Minister Indira Gandhi imported 18,000 tons of hybrid wheat seeds from Mexico. The effect was miraculous. The wheat harvest that year was so bountiful that grain overflowed storage facilities. Those seeds required chemical fertilizers to maximize yield. The challenge was to make fertilizers affordable to farmers who lacked the cash to pay for even the basics—food, clothing and shelter.

Back then, giving cash or vouchers to millions of farmers living all over India seemed like an impossible task fraught with the potential for corruption. So the government paid subsidies to fertilizer companies, who agreed to sell for less than the cost of production, at prices set by the government. The subsidies were designed to make up the difference between the production price and sale price—and to give the producers a 12% after-tax return on any equity investment.

Fertilizer manufacturing companies sprang up around the country. **Nagarjuna Fertilizers & Chemicals** Ltd. became one of the most profitable publicly listed companies in India.

In 1991, with the cost of the subsidy weighing heavily on India's finances, Manmohan Singh, then finance minister and now prime minister, pushed to eliminate it. Most fertilizer companies lobbied fiercely to retain the program. Many legislators also resisted ending the subsidy, fearing a backlash from farmers.

"The business interests lobbied and the business interests prevailed," says Ashok Gulati, the director in Asia of the International Food Policy Research Institute, a Washington-based think tank, who was involved in the policy discussions at the time. A last-minute compromise eliminated the subsidy on all fertilizers except for urea.

"That's when the imbalanced use of fertilizers began," says Pratap Narayan, ex-director general of the industry group, the Fertilizer Association of India.

With urea selling for a fraction of the price of other fertilizers, farmers began using substantially more of the nitrogen-rich material than more expensive potassium and phosphorus products.

In the state of Haryana, farmers used 32 times as much nitrogen as potassium in the fiscal year ended March 2009, much more than the recommended 4-to-1 ratio, according to the Indian Journal of Fertilizers, a trade publication. In Punjab state, they used 24 times as much nitrogen as potassium, the figures show.

"This type of ratio is a disaster," Mr. Gulati says. "It is keeping India from reaching the production levels that the hybrid seeds have the power to yield."

Producers of phosphorus-based fertilizers struggled. The government reintroduced a small subsidy on phosphorus fertilizers, but at times it didn't cover the difference between the government-set price and the actual cost of production. **Dharamsi Morarji**, one of the oldest fertilizer companies in India, closed some plants.

With scant domestic supply, India had to import seven million tons of phosphorus-based fertilizers last year, according to a senior official at the Ministry of Chemicals and Fertilizers.

Twenty-one percent of the urea, 67% of the phosphorus-based fertilizers and 100% of the potash-rich fertilizers sold in India in the fiscal year ended March 2009 were imported, according to a report this month from Fitch Ratings.

Akshay Mahajan for The Wall Street Journal (3)

Bhupinder Singh's wheat yield, above, has been barely holding steady lately. At left, a painting depicting the dream of Green Revolution hangs in the offices of the Ministry of Agriculture in Chandigarh. A farmer in Punjab, below.

In the northern state of Punjab, Bhupinder Singh, a turbaned, gray-bearded 55-year-old farmer, stood barefoot in his wheat field in December and pointed to the corner where he had just spread a 50-kilogram bag of urea.

"Without the urea, my crop looks sick," he said, picking up a few stalks of the young wheat crop and twirling them in his fingers. "The soil is getting weaker and weaker over the last 10 to 15 years. We need more and more urea to get the same yield."

Mr. Singh farms four hectares in Sohian, a town about 40 kilometers from the industrial city of Ludhiana. He said his yields of rice have fallen to three tons per acre (about half a hectare), from 3.3 tons five years ago. By using twice as much urea, he is been able to squeeze a little higher yield of wheat from the soil—two tons per acre, versus 1.7 tons five years ago.

He said both the wheat and rice harvests should be bigger, considering that he is using so much more urea today than he did five years ago. Adding urea doesn't have the effect it did in the past, he said, but it is so cheap that it is better than adding nothing at all.

Land needs to be watered more when fertilizer is used, and Mr. Singh worries about the water table under his land. When his parents dug the first well here in 1960, the water table lay about 1.5 meters below the ground, he says. He recently had the same well dug to 17 meters to get enough water. "The future is not good here," he said, shaking his head.

Balvir Singh, an agriculture development officer for Punjab state, says it is as if farmers have become addicted to urea.

"One farmer sees another's field looking greener, so he adds more urea," he says. "A farmer will become bankrupt, but he will not stop using urea."

The fertilizer industry, which had lobbied to retain subsidies back in 1991, now sees them as a problem. That's because the government, trying to rein in spending, has been squeezing the reimbursement promised to fertilizer companies.

The subsidy theoretically gives companies a 12% profit margin. Today, in part because of the way the government calculates the subsidy, it offers the average company a 3% margin, according to K. Rahul Raju, joint managing director of Nagarjuna Fertilizers & Chemicals, and Mr. Awasti, the fertilizer cooperative head.

Farmers in Punjab are increasingly glum. "Farming is in shambles," said Kamaljit Singh, standing with fellow farmers in the courtyard of the village agriculture cooperative. "If we have to support our growing families and our increasing population on this land, we must get higher yields. Otherwise our families and our nation will suffer."

—Arlene Chang contributed to this article.

WSJ.com

Online today: See a video about the impact of overfertilization on Indian farmland, plus photos at **WSJ.com/World**

FROM PAGE ONE: THE TOYOTA HEARINGS

Support wavers for auto maker's chief

Continued from first page
sive, confident leader.

Some employees complain that they feel they have been left in the dark. Other critics outside the company also say the Toyota president has surrounded himself with a coterie of Toyoda-family loyalists who have trouble delivering tough messages to their top executive.

The questions about Mr. Toyoda's leadership come amid intense legal and political pressure on the company in the U.S. over suspected vehicle safety issues. On Monday, the company disclosed subpoenas from a federal grand jury and the U.S. Securities and Exchange Commission related to sudden acceleration in its cars, while the leaders of a congressional panel accused Toyota of misleading the public about safety problems.

Mr. Toyoda, in written testimony submitted to the House Oversight and Government Reform Committee in advance of Wednesday's hearing, will say that Toyota "pursued growth over the speed at which we were able to develop our people and our organization." He also expressed regret at safety problems and recalls that have affected millions of vehicles.

In an op-ed article in The Wall Street Journal, Mr. Toyoda sketched a strategy for steering his company out of the crisis. It "is clear to me that in recent years we didn't listen as carefully as we should—or respond as quickly as we must—to our customers' concerns,'' he wrote. He said Toyota will add safety features to its vehicles and set up an independent group to monitor the company's safety push. (See page 13.)

In early February, Mr. Toyoda—the grandson of the company's founder and known in Japan as "The Prince"—sent an email to employees in Japan to explain the U.S. recall, asking them to work together with him to "regain customer trust" and "work on building great cars" through mutual effort. Since then, he has given three news conferences in Japan but there has been no broader internal communication with Toyota employees.

"The only way we find out anything about the crisis is through the media," said a high-ranking Toyota chief engineer in Japan. "Does Mr. Toyoda have the ability to lead? That's on every employee's mind."

"The handling of this crisis has been reactive, not proactive," said Shin Tanaka, the president of public-relations firm Fleishman Hillard in Tokyo. "When there is a crisis, the top CEO has to be there to deal with it." Fleishman Hillard represents other auto makers.

Mieko Iwasaki, a Toyota spokeswoman in Tokyo, declined to comment on Mr. Tanaka's statement and the criticism from company employees. A person close to the Toyota president said Mr. Toyoda, who arrived in the U.S. capital over the weekend, "is ready to take on the challenge of testifying in the congressional hearing."

It's unclear whether Mr. Toyoda will calm the worries back in Japan. "Why can't [Toyoda and his management team] show what concrete steps we are taking to improve our safety and quality performance?" asked a midlevel manager at the company's headquarters in Toyota City. "Each time they talk, things get worse since Mr. Toyoda cannot spell out how he plans to alleviate consumer worries."

Instead of things getting better, he adds, "it is a recall after another, and every time Mr. Toyoda utters the phrase 'customer first,' it has the opposite effect. His words sound just hollow. We're scared of our future."

Toyota's management elders appear ready to support Mr. Toyoda. They include his father Shoichiro Toyoda, the company's honorary chairman, as well as former top managers, some of whom now run Toyota-affiliated parts and auto makers in and around Toyota City.

Mr. Toyoda had set out to become a different type of Toyota leader when he was handed the reins last year. Instead of letting underlings handle the sticky day-to-day matters, which had been the standard practice of many of his predecessors,

Mr. Toyoda pledged to get his hands dirty by zooming in on myriad issues. He said he wanted to become a true practitioner of a Toyota leadership maxim known as *genchi genbutsu*, which in Japanese means "go and see for yourself."

While *genchi genbutsu* is supposed to encourage open dialogue about problems, company executives familiar with Mr. Toyoda's management style say the 53-year-old chief's close involvement on a wide array of issues stifled subordinates, especially midlevel managers and even some members of his top management team. Many of them have opted to stay quiet or filter information so as not to get in the way of what Mr. Toyoda finds important.

Mr. Toyoda has acknowledged his presence at Toyota can be divisive. "There is a faction friendly to me, and a faction which is completely against a founding-family member like myself," he said in a Wall Street Journal interview in 2000.

Mr. Toyoda's interests are diverse. In his 20s, he was one of the 16 members in Japan's national team for field hockey, which nearly made it to the 1980 Moscow Olympics. He raced cars in his spare time, and blogged about it under the handle "Morizo" until mid-January.

Mr. Toyoda, after earning his M.B.A. in 1982, worked as an investment banker and consultant in New York and London before joining the family company in 1984. At first, he had difficulty being taken seriously by executives who considered him to be a spoiled heir-apparent. Once, Mr. Toyoda checked himself into a hospital for stress brought on by intensive bullying by one of his bosses, people close to him say. Mr. Toyoda confirms he entered the hospital but declines to comment on the reason.

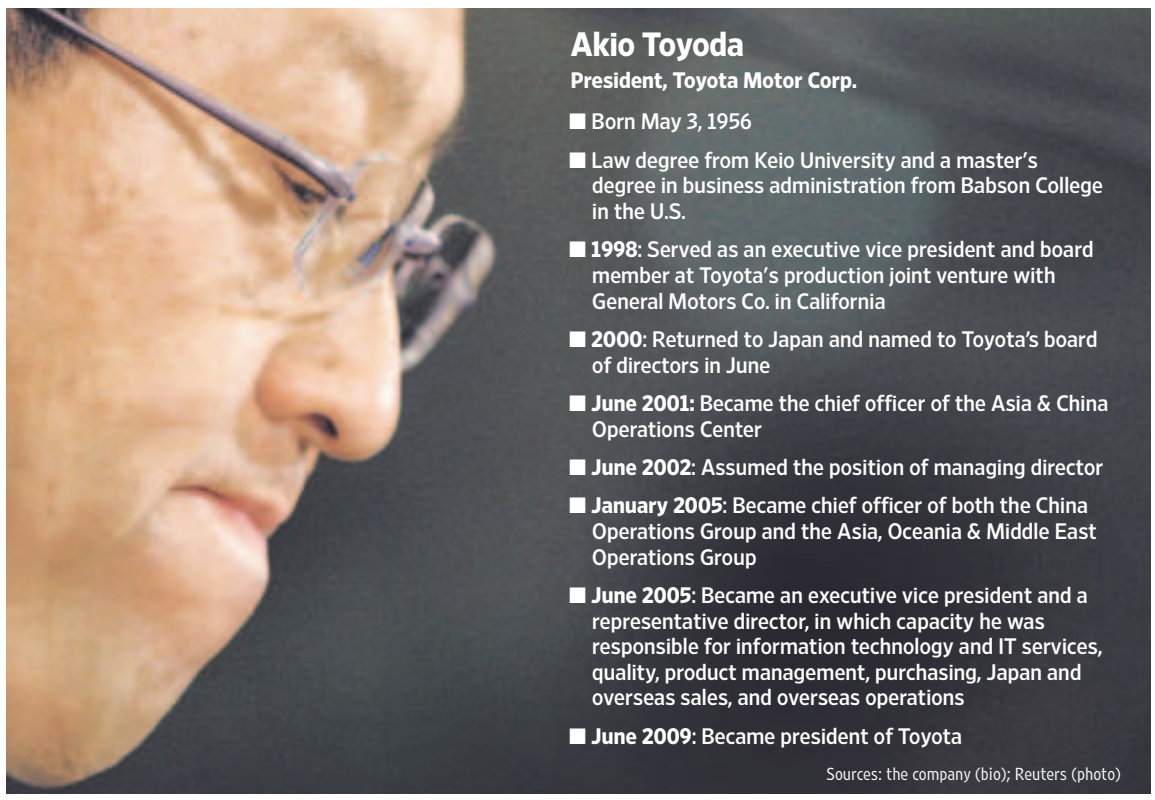
Gradually Mr. Toyoda's reputation began to improve after he moved to the company's industrial-engineering division, a unit that is often a launching pad into higher management. Now, Mr. Toyoda is regarded as a leader with an aggressive management style, though some insiders say he is somewhat unpredictable. Mr. Toyoda used his past assignments to road-test a more forceful style of doing business, people familiar with his career said. Several years ago, he engineered a Western-style takeover of one Chinese joint-venture partner by another company, an unusual move that allowed Toyota to expand more quickly in China.

Mr. Toyoda, assigned to head the China business in 2001, saw that its partner, Tianjin Automotive, had limited financial capabilities and inefficient factories. With the help of his subordinates, he thought First Automotive Works—a more aggressive car maker now known as **FAW Group** Corp.—could take over Tianjin, though both were government-controlled and there were few precedents for such a deal. The merger was finalized in 2002, helping speed up Toyota's growth in China.

Since becoming Toyota's president, Mr. Toyoda zeroed in on getting the company back to profitability, after the company last year suffered its first loss in 70 years. His plan was to crack down on arrogance and excess and reinstitute frugality, according to executives close to Mr. Toyoda. Top managers no longer travel first class within Japan or business class overseas, and employees took heavy cuts on bonuses while the company as a whole focused on cost savings.

Mr. Toyoda will use an interpreter at the hearings in Washington; although he received his M.B.A. from Babson College in Wellesley, Mass., his command of English is halting, as demonstrated during his first news conference addressing the recall issue, at which he was asked by a reporter to give a statement in English for U.S. audiences.

Takashi Kamio, a former Toyota senior managing director who left the auto maker in 2005 to run an affiliate, believes Mr. Toyoda is the "only one" capable of helping the auto company to overcome the current crisis. "Nobody else could do that," Mr. Kamio said in a telephone interview over the weekend.



Akio Toyoda
President, Toyota Motor Corp.

- Born May 3, 1956
- Law degree from Keio University and a master's degree in business administration from Babson College in the U.S.
- **1998**: Served as an executive vice president and board member at Toyota's production joint venture with General Motors Co. in California
- **2000**: Returned to Japan and named to Toyota's board of directors in June
- **June 2001:** Became the chief officer of the Asia & China Operations Center
- **June 2002**: Assumed the position of managing director
- **January 2005**: Became chief officer of both the China Operations Group and the Asia, Oceania & Middle East Operations Group
- **June 2005**: Became an executive vice president and a representative director, in which capacity he was responsible for information technology and IT services, quality, product management, purchasing, Japan and overseas sales, and overseas operations
- **June 2009**: Became president of Toyota

Sources: the company (bio); Reuters (photo)

President plans to apologize

Continued from first page
place about a decade ago after fatal accidents involving Ford sport-utility vehicles and Firestone tires. The law boosted reporting requirements for auto makers and was designed to provide auto-safety regulators more tools to track safety defects and push for recalls.

Meanwhile, Toyota's U.S. sales chief, James Lentz, was to tell the Energy and Commerce panel that the auto maker is "confident that no problems exist with the electronic throttle-control system in our vehicles."

Mr. Lentz said Toyota believes that sudden-acceleration incidents were caused by improperly placed floor mats and "sticky" accelerator pedals. His remarks came in prepared testimony that Toyota released ahead of Tuesday's hearing.

Lawmakers had said in advance of the hearing that they believe electronic faults can't be eliminated as a cause for incidents in which Toyota vehicles surged.

Mr. Lentz apologized in his statement for the company's failure to move more quickly to address safety problems. "Put simply, it has taken us too long to come to grips with a rare but serious set of safety issues, despite all of our good-faith efforts. The problem has also been compounded by poor communications both within our company and with regulators and consumers," he is expected to say, according to the prepared testimony.

Lawmakers have said they believe electronic faults can't be eliminated as a cause for these incidents.

"We acknowledge these mistakes, we apologize for them and we have learned from them. We now understand that we must think differently when investigating complaints and communicate faster, better and more effectively with our customers and our regulators," Mr. Lentz is expected to say. Mr. Lentz is to cite recent actions by Toyota to recall hybrid models and certain pickups to address safety concerns.

Toyota executives are seeking to use the hearings this week to start a process of rebuilding the company's reputation.

—Josh Mitchell contributed to this article.

Dealers join in lobbying

By Neil King Jr.

Toyota Motor Corp.'s embattled dealers headed to Washington this week to try to convince Congress that what's bad for the Japanese auto giant is bad for America.

With safety issues threatening its reputation and subsequent probes by Congress, a federal grand jury and U.S. securities regulators, Toyota is reaching out to its U.S. dealers and workers to bolster the company's lobbying efforts ahead of hearings on Capitol Hill this week.

"Our hope is that Congress doesn't jump to conclusions, that it allows time for the facts to come out," said Susan Scarola, who owns a total of eight Toyota and Lexus dealerships in New York, New Jersey and California, which together employ 700 people. "Congress can't let politics get in the way."

With the first of three congressional hearings on Toyota's safety problems set to start Tuesday, dealers mainly want to make the case that tens of thousands of jobs are at stake.

Ms. Scarola, who is president of the DCH Auto Group, is one of more than 100 Toyota dealers from around the country who are massing in Washington this week to lobby their local lawmakers. Toyota itself has also flown in dozens of plant workers to try to help make the point that the recall furor could cost jobs in congressional districts.

Toyota's five big manufacturing sites, and its nearly 1,200 dealerships, employ around 172,000 people in the U.S.

Toyota dealers in most of the U.S. have seen their sales fall sharply since the recall crisis began in January.

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BUSINESS & FINANCE.

Wednesday, February 24, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

BoCom looks to raise $6 billion

Chinese bank plans a rights issue to boost capital base, joining other lenders in seeking funds after a loan binge

By Aries Poon

HONG KONG—**Bank of Communications** Co. plans to seek as much as 42 billion yuan (US$6.14 billion) from a rights issue to shareholders of both the company's Hong Kong- and Shanghai-listed shares, making it the latest Chinese bank to seek to strengthen its capital base.

China's fifth-largest lender by assets, known as BoCom, said in a statement Tuesday that it would offer up to 1.5 rights shares for every 10 shares. It hasn't determined the price of the rights shares.

The lender said it will seek approval for the rights issue plan from shareholders.

HSBC Holdings PLC owns a 19% stake in the Shanghai-based lender. The U.K. bank declined to comment on whether it would subscribe to the rights shares.

BoCom is the most recent Chinese bank to seek funds after a lending binge last year ate into capital ratios. Bank of China Ltd. said in January it is planning a US$5.9 billion convertible-bond sale, the largest of its kind in China, while smaller rival China Merchants Bank Co. said last week it would seek US$3.2 billion from a rights issue.

Source: Thomson Reuters Datastream (data); Bloomberg News (photo)

Chinese banks extended a record 9.6 trillion yuan in loans to support Beijing's economy-boosting measures last year. The government expects the country's banks to issue a further 7.5 trillion yuan in loans this year.

Analysts are predicting banks will issue tens of billions of dollars of debt and equity this year to bolster capital levels that haven't kept pace with the explosion of loans.

Nonperforming-loan ratios remain at record-low levels, but the politically driven lending has raised questions about the quality of many of the new loans.

The Chinese banking industry has come under scrutiny. Earlier this month, Fitch Rating downgraded the credit ratings of China Merchants Bank and China Citic Bank Corp. to keep them more in line with its ratings on other banks, including BoCom. In response, Xuan Changneng, head of the Financial Stability Bureau of China's central bank, said this week that the operations of all Chinese banks are sound.

The fund raising by Chinese banks is also part of global efforts by lenders to raise capital ahead of an anticipated tightening of regulations. A proposal for new global standards for banking capitalization, known as Basel 3, would require banks to hold more equity capital and maintain greater liquidity.

As of the end of September, BoCom's core capital ratio was 8.08%, down from 9.54% as of end-2008.

BoCom's Shanghai-traded A shares have risen more than 50% over the past year as China's economic growth resumed its heady pace. The stock has fallen about 30% from its 52-week high in June as part of a broader cooling of Chinese financial shares.

On Tuesday, before the news of the rights offering, the stock finished at 8.05 yuan, down 1.1%. In Hong Kong, the bank's H shares rose 0.9% to 7.99 Hong Kong dollars, or about US$1.03.

Tengzhong considers revising deal to buy Hummer

By Norihiko Shirouzu

BEIJING—Sichuan Tengzhong Heavy Industrial Machinery Co. is "weighing different options" for its planned purchase of **General Motors** Co.'s Hummer unit, a person close to the Chinese company said, as an extended deadline for the deal nears with still no word regarding approval from Chinese regulators.

Separately, GM said Tuesday it closed a deal to sell its Saab unit in Sweden to Dutch sports car maker **Spyker Cars** NV.

The options for Tengzhong, should the planned acquisition fail to gain approval, include the possibility of using an offshore investment vehicle to handle the deal, the knowledgeable person said. The person said the new thinking results from the fact that Tengzhong's application for approval, submitted soon after the deal with GM was announced in June, seems like it "isn't going anywhere."

It isn't clear how using an offshore vehicle might enable Tengzhong to buy Hummer without the approval of the Chinese government. Tengzhong is privately owned, but China's government has broad power over the activities of its companies at home and abroad.

GM and Tengzhong had set a deadline of Jan. 31 to complete a definitive agreement on the Hummer deal, which was part of GM's efforts last year to revive its business by killing or selling noncore brands. In early February, GM and Tengzhong said they were extending that deadline to Feb. 28, because they were still awaiting approval.

Michael Albano, a GM spokesman in Shanghai, said GM and Tengzhong "are still working together" to complete the deal. He declined to comment about the possibility of Tengzhong using an offshore vehicle to buy Hummer.

China's government hasn't publicly taken a position regarding the Hummer deal, and officials at the Ministry of Commerce couldn't be reached for comment Tuesday.

Since the deal was announced, analysts have questioned whether officials might object to it because Hummer's gas-guzzling vehicles don't fit with Beijing's efforts to promote fuel efficiency and green technologies in its auto industry. Analysts also say Beijing could be concerned about Tengzhong's inexperience in the global marketplace.

The planned Hummer purchase comes as Chinese companies use their growing financial might to acquire global brands and technology. Another Chinese company, Zhejiang Geely Holding Group Co., is close to finalizing a deal to buy **Ford Motor** Co.'s Volvo unit for about $2 billion.

Analysts say that even if Tengzhong fails to gain Beijing's blessing, a rejection likely won't signal any re-evaluation by Beijing of deals such as Geely's bid for Volvo. That bid is "a completely different deal," said Yale Zhang, a Shanghai-based analyst with U.S. consulting firm **CSM Worldwide**. "Volvo is a popular brand in China and has a good future as a global volume brand, and it has attractive technology that could help Geely's development. It's a practical purchase for China."

Tengzhong, which makes heavy commercial vehicles such as dump trucks, is to buy 80% of Hummer under the deal with GM. Li Yan, a tycoon in Tengzhong's native Sichuan province, is to buy the rest.

On Tuesday, GM said Spyker sealed a deal for Saab. The news capped a year-long odyssey for the Swedish unit, which came close to shutting down amid months of on-and-off negotiations to sell the money-losing operation.

Spyker last month agreed to pay GM $74 million in cash for Saab. The deal also includes $326 million in preferred shares in the new company.

Saab is the only one of GM's four U.S. brands certain to live on after being axed by the auto maker. GM last year closed Pontiac and Saturn.

Associated Press

GM decided to sell Hummer in 2009. Above, Hummers in Shanghai last April.

Telecom official resigns over outages

Move follows latest shutdown of new XT mobile network in New Zealand; Alcatel-Lucent executive also steps down

By Simon Louisson

WELLINGTON—A senior executive at **Telecom Corp. of New Zealand** Ltd., the country's dominant telecommunications operator, resigned following the fourth major outage since December at the company's new XT mobile network.

The company's networks and transformation chief, Frank Mount, stepped down, effective immediately, on Tuesday, the company said.

Meanwhile, Steve Lowe, the New Zealand head of the network builder **Alcatel-Lucent** SA, decided to leave the company, the equipment provider said. Messrs. Mount and Lowe couldn't be reached Tuesday.

Alcatel-Lucent Chief Executive Ben Verwaayen said in a statement the company "was committed to providing the company's full global resources...to get these issues fixed."

Also Tuesday, Rajeev Singh-Molares, president of Alcatel-Lucent in the Asia Pacific region, issued a statement apologizing to Telecom's subscribers. "The XT network was built with proven technology, and it is our local and global priority to resolve all issues and ensure a reliable and high-quality service for New Zealand," he said.

Telecom shares fell 2.5% to 2.30 New Zealand dollars (US$1.61) in a market where the benchmark NZX-50 Index fell 0.1% to 3,126.37.

Bloomberg News

Auckland phone booths provided by Telecom Corp. of New Zealand featured a new logo in December.

Telecom said it would pay NZ$10 million in loyalty and compensation to customers affected by the outages, and it appointed Chief Information Officer David Havercroft as "crisis manager" with responsibility for all networks and IT operations.

But it reiterated its previous full-year forecasts for the year to June 30, expecting adjusted group net profit to be at the lower end of the NZ$400 million to NZ$440 million range due to the effects of the economic slump and the XT outages.

Chief Executive Paul Reynolds told a media briefing that the company was taking "urgent action" in a "difficult and bad time."

"XT was engineered, launched, marketed and sold as a world class network. It was what we promised, but for far too many of our customers we haven't delivered on that," Mr. Reynolds said. "One outage is too much, several is intolerable."

Mr. Reynolds said Alcatel-Lucent was a very successful and credible company but it had "let us down badly," and Telecom had put it "on notice" because of failures in the hardware it installed at one vital cell site to run the network.

Alcatel-Lucent has sharply expanded its staff and revenue since Mr. Lowe took on the job in 2008, partly due to the NZ$574 million contract to build XT.

Telecom said earlier Tuesday that services had been restored to all cell sites.

The third-generation network was launched in May as the driver of growth in a company that had been under huge pressure because of clunky technology in its old mobile network.

Consolidated Media considers a new stock buyback

By Lyndal McFarland

MELBOURNE—**Consolidated Media Holdings** Ltd., which owns a 25% stake in Australian pay-television network Foxtel, said Tuesday that it is considering options for its surplus cash, including further potential share buybacks.

Investors have speculated that Consolidated Media may look at buying back more shares after it bought back around 211 million Australian dollars ($190 million) of shares in its fiscal first half ended Dec. 31. That would boost the holdings of billionaire James Packer, the company's largest shareholder and deputy chairman, and help him fend off any further advances from **Seven Network** Ltd.

Mr. Packer last year boosted his stake in Consolidated Media to 45.3% after Seven snapped up shares in July. Seven Network, which holds a 22% stake in Consolidated Media, agreed in September last year that it wouldn't buy further shares in the company for one year in exchange for two seats on the board.

Seven Chairman Kerry Stokes said Monday that he's still interested in Consolidated Media and, depending on price, is keen to expand his stake.

Consolidated Media declined to comment Tuesday.

By not participating in any future share buybacks, both Mr. Packer and Seven can increase their overall holding in the company and boost their exposure to Foxtel.

With Telstra Corp. potentially being forced to consider the sale of its half stake in Foxtel as part of industry reforms outlined by the Australian government, investors have speculated that its Foxtel partners could be beneficiaries.

News Corp.—which owns Dow Jones & Co., publisher of The Wall Street Journal —holds the remaining 25% stake in Foxtel.

Consolidated Media, which recorded a 12% decline in first-half net profit to A$346.2 million from A$391.5 million the year earlier, currently has around A$304 million in cash. It reiterated that it doesn't target large cash balances as part of its capital-management program.

"We can sit on the cash; we can try to return the cash to shareholders in some form, and you'd be aware of the tax difficulties that many holders would face if we just did that holus-bolus; we could buy something; or we could potentially buy back some of our shares," Executive Chairman John Alexander told analysts.

Mr. Alexander said any decision on how the company might best use its cash could come soon.

Consolidated Media's first-half result was boosted by asset sales, while its year-earlier results were affected by an accounting change. The company said its operating profit for the six months to Dec. 31 rose to A$43.7 million, up 17.8% from a year earlier, reflecting improved interest revenue, cost control and a lower income tax expense.

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Corrections & Amplifications

Hasan Tevfik is a strategist at **Citigroup** Global Markets. Monday's Abreast of the Market column misidentified him as Hasan Tevfil.

Air India wins time to pay bills for jet fuel

By Anirban Chowdhury

MUMBAI—National carrier **Air India**'s fuel suppliers have allowed it more time to pay 10 billion rupees ($217 million) in bills as the loss-making airline struggles with depleting cash flow, an executive at one of the suppliers said Tuesday.

The **Bharat Petroleum Corp.** Ltd. executive didn't elaborate, saying he isn't permitted to disclose details of commercial agreements with customers.

Officials at Air India—whose board Saturday decided to seek an extension of Tuesday's payment deadline—weren't available to comment.

BPCL and two other state-owned companies, **Indian Oil** Corp. and **Hindustan Petroleum** Corp., supply jet fuel to Indian local carriers. Jet fuel accounts for the largest share—about 40%—of costs for an Indian airline.

The oil-marketing companies said they are confident they will be paid, since Air India is a state-run company, as well.

"The payments are always flexible," said a senior HPCL official. "Being a state-run company, we can't stop supplies to Air India."

A senior Indian Oil Corp. official said Air India's unpaid bills are a "small amount" for the oil-marketing-cum-refining company. He declined to elaborate.

A civil-aviation-ministry official said ,"Air India may have to make a part payment. There are talks going on with [suppliers] now and details, including the extension dates, are being worked out."

Jet-fuel prices touched unprecedented highs in the middle of 2008, leading to billions of rupees of bills piling up on the books of many carriers.

Soaring costs and high debt, coupled with a decline in local and overseas air traffic, pushed airlines deep into the red, making it difficult for them to pay fuel bills.

Separately, **Kingfisher Airlines** Ltd. on Tuesday said it has signed an initial pact to join the Oneworld alliance, comprising 11 global carriers such as **AMR** Corp.'s American Airlines and **British Airways** PLC.

Kingfisher, controlled by billionaire Vijay Mallya, also applied to India's civil aviation ministry to seek approval for its membership in Oneworld, India's biggest airline by market share said.

"A target date for Kingfisher Airlines to join the alliance will be confirmed once this approval is gained," the airline said. "The process to bring any airline on board normally takes around 18 months to complete, so Kingfisher Airlines could be expected to start flying as part of Oneworld during 2011."

Other members of the alliance include **Cathay Pacific Airways** Ltd., **Finnair**, **Japan Airlines** Corp. and **Qantas Airways** Ltd.

Kingfisher said its membership will add 58 cities in India to the Oneworld network, expanding the alliance's total network to 800 destinations in nearly 150 countries.

—Rakesh Sharma and Santanu Choudhury contributed to this article.

Indonesians widen tax probe

Authorities target executive of coal company tied to influential business, political leader

By Joko Hariyanto And Patrick Barta

JAKARTA—Indonesian police are stepping up a high-profile tax-evasion investigation whose targets include a company tied to one of Indonesia's most senior political and business leaders, Aburizal Bakrie.

Director General for Taxation Mohamad Tjiptardjo told reporters Tuesday that 1.8 million individuals and institutions owe the government 44 trillion rupiah ($4.7 billion) in unpaid taxes.

In the latest salvo, a senior police official said Tuesday that authorities have banned an official at PT Kaltim Prima Coal, whose parent company is part-owned by Mr. Bakrie's business group, from leaving Indonesia in connection with the tax investigation. Kaltim Prima allegedly owes 1.5 trillion rupiah and the parent company, **PT Bumi Resources**, 376 billion rupiah.

"We have imposed a ban on one of Kaltim Prima's officials from traveling overseas, and will take further action" in the case, the head of criminal intelligence, Commissioner General Ito Sumardi, told reporters. Mr. Sumardi identified the official only by the initial "R."

The travel ban is the latest development in a case that has drawn attention because of Kaltim Prima's indirect ties to local politics, including a complex battle over a 2008 bank bailout that has dominated Indonesian news in recent weeks.

Mr. Bakrie, a billionaire whose business group is part-owner of Bumi Resources, Indonesia's biggest coal producer by output, also is chairman of Indonesia's Golkar political party. Golkar has been leading a parliamentary investigation into the conduct of Indonesia's vice president, finance minister and other senior officials in the handling of the $700 million bailout of Bank Century. Golkar and other critics claim the bailout was done without legal authority and without proving a capital injection was needed.

Reuters

Indonesian tycoon and politician Aburizal Bakrie during an interview in Jakarta in September.

Vice President Boediono, who was central bank governor at the time, and Finance Minister Sri Mulyani Indrawati, who oversaw the bailout, have denied wrongdoing and say the bailout was in the best interests of the country.

In an interview with the Jakarta Post this month, Mr. Bakrie denied his companies have evaded taxes. Bumi Resources spokesman Dileep Srivastava said in a text message that the company does "not comment on speculation and informal rumors." Mr. Srivastava said Kaltim Prima's and Bumi's management "are known people of high integrity and unquestioned professionalism."

Parliament's inquiry is viewed by analysts as a battle between allies of Mr. Bakrie and Ms. Sri Mulyani.

Ms. Sri Mulyani said she has locked horns with Mr. Bakrie in the past, as in 2008 when she opposed the closure of Indonesia's stock exchange that she said he ordered when his companies suffered a sell-off of stocks. Bumi Resources stock has recovered somewhat since then.

Mr. Bakrie declined comment on the closure and denied any tensions between them. A Golkar party leader has said Ms. Sri Mulyani wasn't being targeted specifically.

The latest tax case is putting new pressure on Mr. Bakrie, stirring speculation in the media that he or his companies are being targeted in retaliation for their role in the Bank Century inquiry and could face big penalties. Officials say the tax case is part of a wider probe, and isn't focused on firms tied to Mr. Bakrie.

—Edhi Pranasidhi and Reuben Carder contributed to this article.

Stakeholder surprise hits Ping An shares

SHANGHAI—Three of **Ping An Insurance (Group)** Co.'s shareholders said they would gradually sell down their holdings, which together represent 11.7% of the insurer and could bring as much as $5.7 billion, after a lockup period expires on Monday.

The news sent the stock tumbling in Shanghai.

Analysts said the planned divestments were larger than investors had expected but noted that the main cause for the selloff was concern over more share supply on an already vulnerable Chinese market. They said it doesn't necessarily indicate weakening confidence in the insurer among its employees.

Ping An said the shareholders—Shenzhen New Horse Investment Development Co., Shenzhen Jingao Industrial Development Co. and Jiangnan Industrial Development Co., which are largely made up of the insurer's employees and managers, including Chairman Peter Ma and general manager Louis Cheung—will sell a combined 860 million nontradable yuan-denominated A shares over five years.

The shares had been subject to a three-year lockup following Ping An's initial public offering in Shanghai in 2007.

Ping An's A shares fell 8.9% to 44.72 yuan (US$6.55) Tuesday, while the company's Hong Kong-listed H shares dropped 2% to 59.70 Hong Kong dollars (US$7.69).

The $5.7 billion figure, based on Ping An's current A share price, would constitute a spectacular return for those who took the risky bet on the once little-known company and saw it grow over 18 years into China's largest private enterprise and its second-biggest life insurer after **China Life Insurance Group** Co.

Some early buyers paid as little as 1.76 yuan a share.

Analysts said that, given the massive increase in the value of Ping An's shares in recent years, it is to be expected that Ping An's employees would want to take profits from their long-term investments.

What appeared to spook investors was the fact that the shareholders gave a clear five-year time frame for the drawdown, in contrast to most Chinese blue-chip companies, which would typically try to reassure the market by stressing that relevant shareholders would sell only a tiny portion of their stake or wouldn't sell at all.

"The wording of the three shareholders' statement gives an impression that the magnitude of the future divestment could be much stronger than expected. Most analysts had expected them to unload a small portion of their holdings, as the stake is key for Ping An's management to retain the control of the company," said Yang Jianhai at Essence Securities in Shanghai.

The three Ping An shareholders said the number of shares they will sell each year would represent no more than 30% of their respective stakes as of Feb. 28, 2010.

"The proposal is the best we can do to stabilize the stock market and protect stakeholders' interest," said Sheng Ruisheng, a spokesman for Ping An.

Shenzhen New Horse Investment Development, the biggest of the three shareholders with a 5.3% stake, holds 389.6 million Ping An shares. Ping An's 2007 IPO prospectus showed New Horse had amassed shares since 1992 by paying 164 million yuan in cash and being rewarded stock dividends.

Of the other two shareholders, Shenzhen Jingao Industrial Development owns a 4.51% stake and Jiangnan Industrial Development holds 1.89%.

Mr. Sheng said the incentive scheme played an important role in replenishing capital and retaining talent in the insurer's early years.

Some analysts said the market may have overreacted to the statements, because the divestment won't affect the company's strong long-term propsects.

In addition, they said the shareholders' expected exit may offer opportunities for existing strategic investors, such as **HSBC Holdings** PLC, to boost their ownership in the company. HSBC holds a 16.8% stake in Ping An.

—Rose Yu

CORPORATE NEWS

Maruti Suzuki recalls A-Stars

More than 100,000 of the small cars require replacement of a defective part in the fuel tank

NEW DELHI—Maruti Suzuki India Ltd. said Tuesday it will recall more than 100,000 of its A-Star small cars to replace a defective part in the fuel tank.

The recall, which will also include exported A-Star cars, is for replacement of the "fuel pump gasket and Q ring," said a spokesman at the local unit of **Suzuki Motor** Corp.

The A-Star was introduced in India in November 2008.

Maruti's recall follows a similar move by **Honda Motor** Co's local unit. On Jan. 30, Honda Siel Cars India Ltd. said it would recall 8,532 City sedans made in 2007 because of defective power-window switches that could cause a fire.

Globally, **Toyota Motor** Corp. recently recalled eight million cars, while Honda recalled several hundred thousand cars to fix air-bag issues as well as defective power-window switches.

The Maruti spokesman didn't disclose the cost of the recall, but said the final cost would be shared with the parts supplier.

"In case fuel is filled up to the brim, beyond the fuel auto cutoff position, a possible fuel leakage from the fuel pump mounting area may take place," the spokesman said, adding that the company is yet to receive any complaints from customers. "As a proactive step, we decided to check all vehicles from the lot, around 100,000 units, including those exported."

He said the defect was noticed last November in some vehicles and the company began contacting customers by December.

The affected vehicles belong to a lot manufactured until Aug. 22, 2009.

"We are midway through the checking activity and hope to complete it soon," the spokesman said.

Shares of Maruti closed 3.2% lower at 1,336.85 rupees ($29) on the Bombay Stock Exchange.

European Pressphoto Agency

Two top executives at Maruti Suzuki India Ltd. posed with a Maruti A-Star car in New Delhi in November 2009.

GM India to hire 1,000 workers this year

By Rumman Ahmed

BANGALORE—The Indian unit of **General Motors** Co. on Tuesday said it will hire as many as 1,000 people in India by the end of 2010 as it increases output to meet rising local demand for its cars and to strengthen its design capabilities.

The company will hire 150 to 200 engineers at its powertrain center in the technology hub of Bangalore, P. Balendran, vice president at General Motors India Pvt. Ltd., told a news conference to launch an automatic-transmission version of the Chevrolet Cruze sedan.

He added that GM India will recruit about 800 employees at its two factories in India, where it is looking to increase capacity to meet booming customer demand.

The company makes seven cars and sport-utility vehicles of the Chevrolet range, including the Spark minicar, the Aveo and Cruze sedans, and the Captiva SUV.

Auto makers in India are posting robust car sales in the local market as an economic recovery, the availability of low-cost loans and the introduction of new models are encouraging more people to buy new vehicles.

Mr. Balendran said the company has received bookings for more than 15,000 Chevrolet Beat hatchbacks within 24 days of its launch, while there is a waiting period on all its vehicles except the Optra.

To meet increasing demand, the company plans to start in June a third production shift at its factory at Halol in the western state of Gujarat, Mr. Balendran said.

This is in addition to its plans to start a second shift in March at the Talegaon factory in the western state of Maharashtra to double output to 400 vehicles a day.

The company expects to sell 120,000 vehicles in the local market in 2010, a 43% increase from the previous year.

GM India's president and managing director, Karl Slym, said the company is set to increase the number of dealerships in the country to 300 by the end of December from 206 currently. The company also plans to have 70 used-car outlets by the end of the year, up from 30 now.

Mr. Balendran said GM India plans to add to the 700 engineers working at its powertrain-design center as it looks to expand support for automatic-transmission and advanced automotive-design technologies at its local and global operations.

Mr. Balendran also said the company plans to start selling cars in India from the stable of **SAIC Motor** Corp. by the end of 2011 as part of the joint venture between parent General Motors and the Chinese company.

This will be in addition to the three models based on a light-truck platform that will be sold in India under the joint venture by the end of 2011.

In December, GM announced the formation of an equal joint-venture investment company with its Chinese partner, SAIC Motor.

While the cars will be sold under the Chevrolet brand in India, the company hasn't yet decided on the branding of the light commercial vehicles, Mr. Slym said.

GM bolsters its leadership ranks

By Sharon Terlep

Stephen Girsky, the outspoken auto analyst turned **General Motors** Co. board member, will become the company's vice chairman in charge of corporate strategy, GM announced Monday.

Mr. Girsky, 47 years old, will remain on the board while taking over the corporate side of GM, including business alliances and development of new ventures. He'd been serving as special adviser to Chairman and Chief Executive Edward E. Whitacre Jr. since December.

The move elevates Mr. Girsky, a longtime critic of Detroit's deep-rooted corporate culture, to a top role at GM and cements his influence in rebuilding the largest U.S. auto maker.

Meantime, John F. Smith, vice president of corporate planning and alliances, will retire. Mr. Smith, who's led negotiations over the restructuring of GM's Opel European unit, will stay on as an adviser until the end of 2010.

Mr. Whitacre, a former chairman and chief executive of **AT&T** Inc., has described Mr. Girsky as an essential right-hand man, walking him through the complexities of the auto industry.

"**Steve** brings a depth of experience to this position that will serve the company well as we continue with our restructuring efforts," Mr. Whitacre said in a statement.

Mr. Girsky joined the GM board as the company exited bankruptcy this summer. His quick ascension has been marked by wrenching change at GM, including the departure of several top executives and Chief Executive Fritz Henderson.

Mr. Henderson resigned from GM in December under pressure from the board, when Mr. Whitacre assumed the role.

Mr. Girsky had been outsider to GM, but a longtime veteran of the auto industry, often playing the role of contrarian to Detroit's entrenched executive ranks.

An former equities analyst at Morgan Stanley, Mr. Girsky was hired by then-GM CEO Rick Wagoner in 2005 to serve as an adviser as the company began to deteriorate. In October 2008, **United Auto** Workers President Ron Gettelfinger called on Mr. Girsky to advise him as GM and **Chrysler Group** LLC were teetering toward bankruptcy.

Bloomberg News

Stephen Girsky will lead GM strategy.

While working with the **UAW**, Mr. Girsky started his own advisory firm, landing GM as a client to help sell its Saturn division in a deal that ultimately collapsed.

Oil Search profit falls; PNG LNG is on track

By Ross Kelly

SYDNEY—**Oil Search** Ltd. posted a steep fall in full-year profit on lower oil and gas prices.

The Australian firm also said its liquefied natural gas project with **Exxon Mobil** Corp. in Papua New Guinea, called PNG LNG, still expects to wrap up financing and a final offtake deal by the end of March.

Shipment of liquefied natural gas from the US$15 billion project by a 2014 target date will transform Oil Search into a regional energy player, so some investors may look past immediate rises or falls in its profit.

With fears of a regional oversupply in liquefied natural gas intensifying, many analysts say the extent of PNG LNG's success may be determined by its ability to beat close to a dozen rival developments into first production.

So far it is at the head of the pack, having already sealed three offtake negotiations and approaching completion of US$15 billion in project financing, which will come with a US$3 billion interest bill. Oil Search unveiled an expansion timetable Tuesday for the project targeting production of gas from a third processing unit by late 2015 or 2016, and raised the possibility of building a fourth train that could process gas from external suppliers.

The joint venture, 29% held by Oil Search, still needs to seal an offtake deal with Taiwan's **CPC** Corp. The plans have negative implications for nearly a dozen rivals hoping to tap a projected surge in Asian demand for cleaner-burning fuels that are nevertheless competing for customers, labor and funding.

"The remaining issues to financial close, including signing the final sale and purchase agreement...are expected to be resolved during the first quarter of 2010," Oil Search said in a statement Tuesday.

Its net profit for the year was US$133.7 million, down 57% from US$313.4 million in 2008 when earnings were artificially inflated by the sale of Middle Eastern and North African assets. Underlying profit, which strips out one-off items, fell to US$99.6 million from US$240 million.

Revenue fell to US$512.15 million from US$814.3 million a year ago, reflecting lower energy prices.

Oil Search declared a final dividend of two cents a share, down from four cents, as it preserves capital for project construction. It also wants to spend money on gas exploration to expand the size of PNG LNG to three production units from the currently planned two.

Oil Search didn't provide any specific outlook for 2010, but reiterated that it expects a reduction of around 10% in its oil and gas output as it conserves reserves.

A drop in amortization rates caused by booking more reserves—by spreading capital costs across a wider base—is expected to be offset in 2010 by higher expenses from increased labor and material cost pressures in Papua New Guinea as construction activity ramps up, Oil Search said.

—Alex Pevzner in Taipei contributed to this article.

CORPORATE NEWS

Another Motorola veteran is leaving

As telecom-equipment maker struggles to revive itself, co-CEO weighs moving a key unit to the West Coast

By Roger Cheng And Niraj Sheth

For **Motorola** Inc., splitting itself in two may prove easier said than done.

In a sign of its separation pains, Motorola said Monday that veteran executive Dan Moloney is leaving to take the CEO job at a small electronic-parts manufacturer. He is the latest among a number of high-profile executives to exit the company amid Motorola's years-long struggle to revive itself.

And in another step that could rattle long-serving Motorola executives, co-CEO Sanjay Jha is considering moving his half of the Schaumburg, Ill.-company to California. The move would be aimed at bringing Motorola closer to the pools of talented engineers developing cutting-edge mobile products.

A departure by key divisions, even in their much diminished condition, would also be a blow to the Chicago area, long home to the iconic company.

The telecommunications-equipment maker announced earlier this month that it would split itself into two smaller companies, one encompassing Motorola's mobile-handset and TV set-top box businesses, and the other made up of the company's public-safety and network-gear units. Mr. Jha is to run the first of those companies. Co-CEO Greg Brown is to run the second. The new companies will each control about half the revenue of the current Motorola, according to analysts at CreditSights.

Associated Press

Dan Moloney has led Motorola's TV set-top box business.

The plan left little room for Mr. Moloney, who oversaw the television set-top boxes unit. Mr. Jha has already talked about more tightly integrating the two disparate businesses. An executive who had worked with Motorola for a decade, Mr. Moloney likely didn't fit into Mr. Jha's vision of his company's new direction, said William Choi, an analyst at Jefferies & Co.

Motorola declined to make Mr. Moloney available for comment Monday. Technitrol didn't reply to a request to speak to Mr. Moloney.

Mr. Moloney's departure is the latest in a brain drain that began when the company started stumbling a few years ago as the handset business began a steep decline due to the absence of new hit products.

Ron Garriques, who oversaw the mobile-devices unit and caught a lot of the heat for failing to find a follow-up to the hit Razr ultra-slim phone, went to **Dell** Inc. and helped usher in the new Mini smartphone.

Technology chief Padmasree Warrior left the company for a similar position at **Cisco Systems** Inc. Others to leave included Mr. Garriques's successor, Stu Reed, as well as marketing chief Kenneth Keller and consumer products executive Rob Shaddock.

Mr. Moloney will become chief executive of **Technitrol** Inc., which makes electronic components for a variety of industries, including telecommunications. He will take over the company in late March, replacing the retiring James Papada.

Meanwhile, Mr. Jha has been pushing to move the headquarters of the new company out West to be closer to potential employees. "We'll go where that talent is, and right now, that looks like California," Mr. Jha said in an interview last week.

Mr. Jha added that the company will still likely retain an office and some employees in the Chicago suburb of Libertyville, where its mobile-handset unit is currently based.

Motorola said it has more than 10,000 employees in the Chicago area out of a total 53,000 worldwide. "We will continue to have a meaningful presence in the Chicagoland area," spokeswoman Jennifer Weyrauch-Erickson said.

Motorola has had significant staff cuts in the past year, primarily in the mobile-devices business. Last month, Chief Financial Officer Ed Fitzpatrick said the company had reduced its headcount by 11,000 jobs in 2009, or 17% of its total work force.

Motorola has made its home in the Chicago area since opening there in 1928 as the **Galvin Manufacturing** Corp. A move to California would be a setback to Chicago's effort to attract top technology talent away from California and New York.

The city counts Motorola among its highest-profile tech companies.

In California, Motorola has offices in Silicon Valley and San Diego that house many of its application and software developers. Before arriving at Motorola in late 2008 to run the mobile-handset unit, Mr. Jha was an executive at **Qualcomm** Inc. in San Diego. After the split, he will have his hands full turning around both divisions. The cable set-top box business continues to struggle amid weak consumer spending and the reluctance of TV-service providers to upgrade their equipment. At an industry conference last week, he talked up the notion of integrating email and social-networking functions into its set-top boxes, including putting software it currently has on phones into its home products.

Intel sets alliance for venture capital

By Don Clark And Amy Schatz

WASHINGTON—**Intel** Corp. announced an alliance with 24 venture-capital firms to invest $3.5 billion in U.S.-based technology companies over the next two years.

That effort, which includes a $200 million commitment from Intel's own venture-capital arm, will target sectors such as computing and information technology, so-called "green" technology efforts and biotech, Intel said.

Paul Otellini, Intel's chief executive officer, unveiled the investment plan during a speech. He also said a group of 17 companies has pledged to increase the number of recent college graduates they hire this year.

Associated Press

Intel CEO Paul Otellini

Besides Intel, companies participating in the recruiting effort include **Google** Inc., **Microsoft** Corp., **Dell** Inc., **Yahoo** Inc., **Cisco Systems** Inc. and **General Electric** Co.

The companies will create a total of 10,500 new jobs this year, Mr. Otellini said. For many companies, the new hiring will be double the number of graduates they hired in 2009, Intel said.

Mr. Otellini's announcements come a year after he said during another speech in Washington that Intel would invest $7 billion over two years to upgrade capabilities of its U.S. chip factories.

Intel, of Santa Clara, Calif., has been a more vocal presence in the nation's capitol as tech markets have been rocked by recession and the company's own business practices have been challenged in a suit by the Federal Trade Commission. As he did last year, Mr. Otellini on Tuesday focused on the need to improve U.S. competitiveness.

Mr. Otellini said when Intel considers building a new manufacturing plant, it must weigh whether to invest the extra billion dollars that it costs to build in the U.S. versus other countries. "We're continuing to invest in the U.S., but the opportunity cost of these decisions is larger," he said. He added that the Obama administration's track-record for creating jobs so far is "pretty poor." He noted France now offers a tax credit for research and development costs that's more than double that of the U.S.

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CORPORATE NEWS

Emotion flows over beer in Belgium

Brewing giant Anheuser-Busch InBev stirs mixture of pride over its fame and anger over its efforts to downsize

By John W. Miller

JUPILLE, Belgium—**Anheuser-Busch InBev** NV workers protesting job cuts on the picket lines last month had mixed feelings about their employer, the world's biggest brewer. "We're proud," said 46-year-old Laurent Sacré. "Proud, and also disgusted."

Beer is a religion in Belgium, and like Catholics toward their church, feelings here toward the brewing giant combine a mixture of a love, fear and doubt.

Belgians are gratified that a company originating here has been transformed through mergers into a global enterprise, recording $27.4 billion in sales the first nine months of 2009. They gulp down Stella Artois, Hoegaarden and Leffe, and are pleased these brews have helped made Belgian beer famous. More than 2,700 people work for the company in Belgium.

But tensions have been growing along with Anheuser's size. Recently they've bubbled over in ways not seen before, denting the company's image in this small nation of 10.5 million people.

Pub culture remains a key part of Belgians' social life, and the lore and prestige of Belgian brewers have added cachet to Anheuser's business around the world. Even though Belgium represents just 1.6% of Anheuser's global sales, the company has shown concern that a sour feeling developing in its home market could have an impact on the global image.

At Anheuser, managers say they need to trim operations in an unpromising market, while continuing to promote themselves as "an international company with Belgian roots that go back to 1366," according to spokeswoman Karen Couck.

The brewer that evolved into Anheuser has long been enmeshed in Belgian life. In 1987 two of the country's biggest brewers—one around since the Middle Ages—combined to form Interbrew, based 20 miles east of Brussels in Leuven, a medieval university town—launching a two-decade march of mergers and acquisitions resulting in today's global behemoth. In Belgium, it has a 57.7% market share, and Belgians drink 20 gallons of beer per capita, seventh in the world.

The 2004 merger with Brazil's Ambev brought into the fold a cadre of Brazilian executives intensely focused on cost-cutting, especially in stagnant beer markets like Europe. They ushered in a new corporate culture, cut travel budgets, and set up more open-plan offices. The most recent round of belt-tightening prescribed the loss of 10% of Anheuser's work force of 8,000 in Western Europe, including 263 Belgian jobs.

Anheuser has been trying to reduce its presence in Belgium, where per capita beer consumption has fallen 19% in the past decade, so it can focus on profits in growing markets. An attempt in 2006 to shut its brewery in Hoegaarden was dropped after workers protested, but in 2007, it sold 90% of its stake in 824 Belgian cafés and restaurants.

In response to Anheuser's latest planned cutbacks, Belgium's powerful labor unions fought back. In January, workers blocked the entrances to three breweries for three weeks, preventing raw materials from entering and beer from leaving. Politicians and newspapers lambasted Anheuser for cutting jobs during a recession while making profits—over $3 billion in the first nine months of 2009. Jean-Claude Marcourt, economy minister for Belgium's southern Walloon region, said he was "scandalized."

"There was a psychological reaction against InBev," says Jean-Marie Dewandeleer, president of the association of Belgian café owners. He says distributors have told him that ABI sales in Belgium were down 30% in January. The company declined to comment on the figure.

Belgium has several hundred beer appreciation societies, and their members aren't happy. Besides lauding the merits of small breweries who produce more interesting beers, they adopt Belgium's prevailing socialist ethos that workers deserve strong protections.

"The Belgian beer community is outraged by the idea that even though you're making profits, you want to lay people off," said Joris Pattyn, author of "100 Belgian Beers To Try Before You Die. There is a bright side, he adds. "This is an opportunity for small brewers."

Midsize brewers think so, too. During the protests, **Haacht**, a brewery employing 450 people with annual sales of €100 million ($139 million), took on Anheuser in an ad campaign. The slogan: "Haacht is a real Belgian brewery, family-owned and independent," a dig at Anheuser's size and international management. "We wanted to spread the message that there is more in Belgium than just AB InBev beer," says commercial director Luc Vandroogenbroeck. Haacht's leading brand, Primus, remains behind Anheuser's stable in sales.

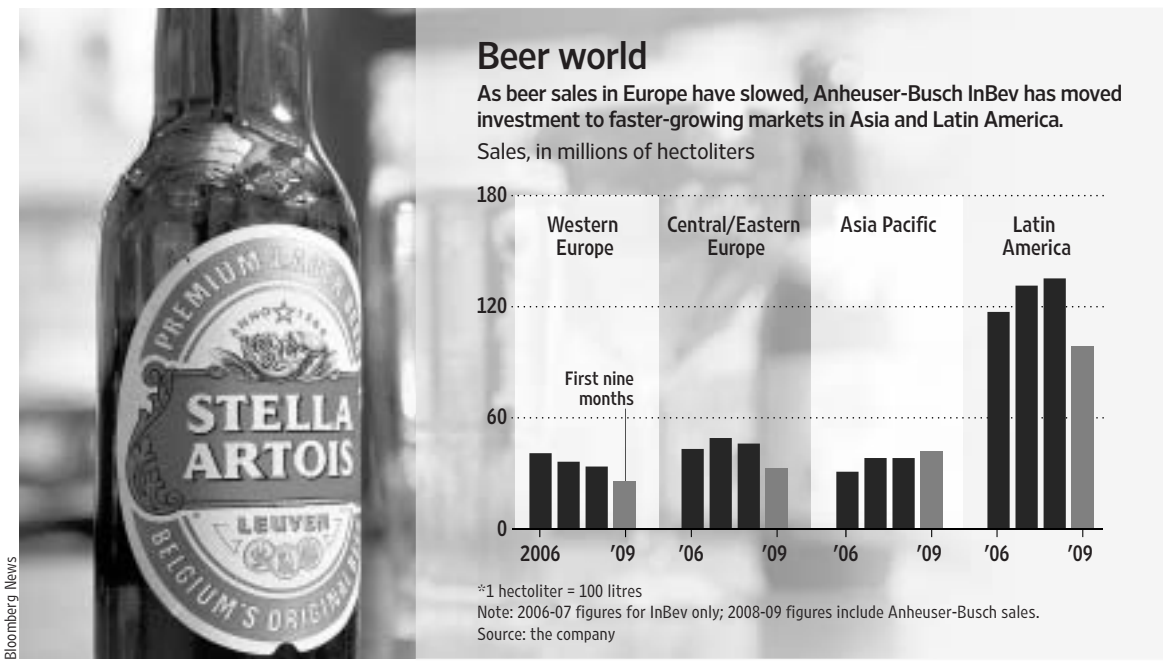
Anheuser was concerned enough by the headlines on the protests to suspend the job cuts for now and renegotiate with the unions. Anheuser managers are scheduled to meet with union officials on Wednesday.

The company has been downsizing its U.S. workforce, too. Since the 2008 merger, it has eliminated over 1,500 jobs. Over 350 more job cuts are planned in the coming months, say people familiar with the matter.

Brand experts say Anheuser shouldn't worry too much. "In a global marketplace, people have to be dying and there has to be blood on the bottles before people change their buying habits," says Derrick Daye, managing partner of the Blake Project, a Rochester, N.Y., brand consultancy. "Most people don't know what company is behind their favorite brand."

Getty Images

Workers shown demonstrating last month against proposed work force cuts outside the Leuven, Belgium, brewery of global giant AB InBev.



Bloomberg News

European airline unions flex muscles, upset travel

European airlines' efforts to restructure their troubled industry are hitting resistance from labor unions after years of cutbacks.

*By **Daniel Michaels**, **Kaveri Niththyananthan** And **Jan Hromadko***

Pilots at Germany's **Deutsche Lufthansa** AG started a four-day walkout that grounded hundreds of flights Monday before agreeing in a court hearing to suspend their action, while cabin staff at **British Airways** PLC voted to strike, but didn't set a date.

Both moves come as airlines world-wide are struggling to overcome their deepest crisis in years by pushing staff, suppliers and passengers to accept less. In France, air-traffic controllers—who are under pressure to increase efficiency and cut costs from airlines that pay air-control fees—walked off the job Tuesday. Unions representing the controllers called the strike on Monday to protest a plan for a more integrated European air-traffic control system that they say could cost jobs.

Franco-Dutch carrier **Air France-KLM** SA said it would cancel large numbers of short- and medium-haul flights as a result.

BA's cabin staff are also protesting moves to boost efficiency. Unite, the labor union representing the employees, said that just under 80% of BA cabin crew voted and of those, some 81% supported industrial action.

Unite said it didn't announce a strike date because the airline and workers are still negotiating.

Many workers are upset that BA last year changed working procedures. Unite took BA to Britain's High Court over the issue, arguing the changes breached crew members' contracts. The court last week ruled in BA's favor.

The airline said Monday that it was disappointed by the strike vote, noting that much of the balloting was concluded before the court decision was announced.

The vote followed a similar strike ballot late last year, which BA successfully challenged in the High Court. The backing Unite announced Monday was down from 92.5% support garnered by the first vote. BA has discouraged some staff from striking by threatening to withdraw subsidized travel for those that don't turn up for work.

Unite could decide as soon as today the terms of a potential strike.

The Lufthansa pilots strike, part of a long-running dispute over pay and job security, caused the cancellation of hundreds of flights Monday and disrupted the travel plans of thousands of passengers. The strike was suspended until March 8. Lufthansa said Tuesday it will add 400 additional flights to its flight plan Wednesday and expects a normalization of flight schedules by Friday at the latest.

Lufthansa, which is relatively healthy and has recently snapped up several weaker rivals, faces anger from pilot union Vereinigung Cockpit, which says management is trying to undercut pilots by shifting work to lower-cost subsidiaries of the parent company.

"The issue is, we have a contract with Lufthansa and they just don't like our contract," said Cockpit spokesman Joerg Handwerg, a Lufthansa pilot.

MARKETS

BHP ponders Australian bond issue

The mining company hasn't tapped the domestic market since 2001; it will meet with investors to scout interest

By Enda Curran

SYDNEY—**BHP Billiton** plans to meet with a select group of debt investors in Australia in coming weeks, the mining giant's first such discussions in years, people familiar with the matter said Tuesday.

Melbourne-based BHP, noted by analysts for its strong balance sheet, has been a frequent issuer of debt securities offshore but hasn't tapped Australia's bond market since 2001.

While the "A" rated company likely isn't in a hurry to issue bonds locally, a growing appetite among Australia fund managers for bonds from nonfinancial issuers, a need to diversify funding and a recent rise in the cost of borrowing offshore could tempt Australian corporates such as BHP to test the domestic market.

Those familiar with BHP's planned discussions said it is likely the company will use the meetings to determine the level of interest in specific maturities and the volume of bonds it could sell in Australian dollars. The company declined to comment.

Reuters

BHP has to fund a payment to Rio Tinto in 2011 for an iron-ore mining joint venture in the Pilbara region of Western Australia.

"They have organized some meetings," one person familiar with the matter said. "As part of that process they will be actively soft-sounding to see if they can do something."

The talks with debt investors may fuel speculation among analysts that BHP is readying itself for a possible acquisition.

For the debt market, the talks are significant, because banks dominate issuance of bonds in Australia, while corporate issuance is limited.

BHP has forecast capital expenditure of US$12.8 billion in 2010 and US$20.8 billion in 2011. The 2011 forecast includes an equalization payment to **Rio Tinto** of US$5.8 billion as part of a planned Pilbara iron-ore joint venture. BHP hasn't yet outlined how it will fund that payment.

At its recent presentation of six-month results, BHP highlighted its financial muscle, saying it had an undrawn revolving credit facility of US$3 billion and cash on hand of US$8.4 billion. Its net debt stood at US$7.9 billion.

Credit-default-swap spreads on BHP have recently tightened so that the cost of credit protection on the miner is lower than for Australia's major banks. CDS on BHP last traded around 0.71 percentage point, compared with around 0.90 percentage point for the banks, indicating that investor sentiment toward the miner is strong.

Issuing bonds in Australia rather than offshore is more attractive right now due to a blowout in the cost of converting monies raised offshore into the local currency, something that could be spurring BHP to examine Australia. That cost is measured by the cross-currency basis swap,

"The basis swap is working against [BHP issuing offshore], given they can borrow at a relatively tight spread relative to other issuers" in Australia, one person familiar with their talks said.

Typically, Australian companies are attracted to the U.S. private-placement market, where insurance companies seeking to match their liabilities are attracted to long-dated debt, and buy in big volumes.

BHP's last issue offshore was in March, when it sold a collective US$5.5 billion in a range of issues.

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MARKETS

Santander's CEO backs regulation

Sáenz cautions, though, that stronger banks shouldn't be put at a disadvantage; a focus on traditional lending

By Patricia Kowsmann

LONDON—**Banco Santander** SA's chief executive, Alfredo Sáenz, is backing the need for more regulation in the global banking system, including requirements that banks hold more capital against riskier operations and submit so-called living wills to authorities.

Mr. Sáenz, however, said Tuesday that regulators should make sure banks that are in better shape aren't put at a disadvantage. He also acknowledged that new regulatory requirements could impose onerous expenses on banks, in turn hurting profit.

"Regulators must ensure fairness to banks that have best weathered the crisis," Mr. Sáenz told a U.K. Treasury committee that is studying ways to deal with institutions deemed too big to fail.

The CEO also said the Spanish bank submitted a draft of its living will to the Bank of Spain last week. The living will is a company-generated document that identifies how a firm would wind itself down in the event of considerable stress or failure.

Santander, the second-largest bank in Europe by market value behind **HSBC Holdings** PLC, has stood up better to the financial crisis than many other banks because of its broad geographic spread. The bank has operations in Latin America, including Brazil, continental Europe and the U.K.

Mr. Sáenz said strong liquidity, good risk management and the fact that Santander has set up independent subsidiaries around the world, instead of just branches, were essential for its successful ride through the financial crisis.

He also said that, because Santander is focused on a traditional lending model, proposed steps in the U.S., such as banning banks from making bets with their own funds—known as proprietary trading—won't affect it.

"Santander is a different animal than Goldman Sachs," Mr. Sáenz said.

Answering questions about its U.K. operations, Mr. Sáenz said that while the banking market in the country is "highly competitive," Santander plans to increase its market share in small to medium-size enterprise lending.

People familiar with the situation have said Santander is interested in the 300 branches **Royal Bank of Scotland Group** PLC is planning to sell as part of asset divestments ordered by the European Union.

Santander entered the U.K. market in 2004 when it bought Abbey National. It scooped up Alliance & Leicester and Bradford & Bingley at fire-sale prices in 2008 as many U.K. banks fought for survival and some had to be bailed out by the government.

Reuters

Chief Executive Alfredo Sáenz

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SecondMarket gets big-name investment

By Peter Stein

HONG KONG–Singapore state-owned investment firm **Temasek Holdings** PLC and a charitable foundation established by Hong Kong tycoon Li Ka-shing have invested $15 million in **SecondMarket** Inc., a marketplace specializing in illiquid assets, that will help fund the company's Asian expansion plans.

Temasek and the Li Ka Shing Foundation each agreed to invest $7.5 million in the New York-based company, which provides a venue for buying and selling assets such as private-equity limited partnership stakes, hedge-fund stakes, private-company stock, bankruptcy claims and auction-rate securities.

Started in 2004, SecondMarket says it conducted about $2 billion in transactions last year and has more than 8,000 participants that include hedge funds, private-equity firms, corporations, institutional investors and wealthy individuals.

SecondMarket's "model of transparency, centralization and independence represents an innovative development and potentially significant opportunity in financial markets," Frank Sixt, a director of the Li Ka Shing Foundation, said in a statement. Mr. Sixt is group finance director of Hutchison Whampoa Ltd., Mr. Li's flagship company.

SecondMarket has developed a specialty in handling sales of shares in Facebook, a privately held company whose stock is owned by employees and consultants. The Li Ka Shing Foundation also owns a small stake in Facebook.

Ang Peng Huat, managing director of investment for Temasek Holdings, said SecondMarket had "an innovative and competitively positioned business" that "fits with Temasek's investment theme of supporting emerging champions."

Participation outside the U.S. now makes up 10% to 15% of SecondMarket's business, up from 1% or less two years ago, said Barry Silbert, the company's founder and chief executive. In the past year, the company has seen a "real increase in interest coming from Asia," he said.

SecondMarket plans to open an office in Hong Kong in the next few months, Mr. Silbert said

Wall Street bonuses rise 17% as firms recover

By Gina Chon

NEW YORK—As financial firms rebounded last year, Wall Street bonuses for employees in the New York City securities industry rose almost 17% to $20.3 billion in 2009, according to a report released Tuesday by the New York State comptroller.

That compares with $17.4 billion paid in bonuses in 2008 after a record $42.6 billion loss in the securities industry. The 2008 figure reflected a 47% drop from what was paid in 2007, when securities industry employees received $32.9 billion.

New York Stock Exchange broker-dealer firm members earned a record $49.9 billion in the first three quarters of 2009, and Comptroller Thomas DiNapoli predicted profits could exceed $55 billion in 2009 for a record. Salaries and bonuses averaged about 40% of net revenue in 2009, compared with about 50% in previous years.

The 17% increase in compensation and benefits was similar to expectations. A Wall Street Journal analysis in January projected an 18% increase in bonuses. Some Wall Street firms, bowing to public pressure, cut the size of bonuses.

The average taxable bonus in 2009 increased to $124,850, compared with $112,000 in 2008, Mr. DiNapoli said. Total average compensation at the largest investment banks, like **Goldman Sachs Group** Inc. and **J.P. Morgan Chase** & Co., was up by 31%, while overall average compensation increased 27% to more than $340,000.

Financial firms have responded to the public outrage over what is seen as exorbitant executive pay. Earlier this month, Goldman Sachs announced that its chairman and CEO, Lloyd Blankfein, would receive a $9 million bonus in 2009, which was lower than expected and a fraction of the $68.5 million he received in 2007.

His bonus, which will be added to his $600,000 base salary, is made up entirely of stock and no cash. That reflects a trend by financial firms to link compensation to a company's performance. Goldman also said in January that it would make the smallest employee payouts relative to revenue since the firm went public in 1999.

J.P. Morgan has said its chairman and CEO, James Dimon, will receive about $17 million in bonuses but no cash. Mr. DiNapoli said tying compensation to long-term profits was a step in the right direction, but added that there also needed to be the appropriate amount of regulatory protections to ensure that average Americans aren't hurt because of risky behavior by financial firms.

Securities-industry jobs decreased by 31,500 from November 2007 to August 2009, a drop of nearly 17%. But 3,900 jobs were created from September through the end of last year.

ILFC plans to raise funds

By Serena Ng

Boeing

International Lease Finance Corp.'s new debt will be secured by aircraft assets.

International Lease Finance Corp., the giant aircraft-leasing company owned by **American International Group** Inc., said late Monday it intends to raise as much as $750 million in new debt that would be secured by some of its aircraft and leases.

If ILFC manages to raise the money, which it hopes to use to repay some of its debt outstanding, it could be a key first step toward making the company less dependent on its parent for financial support. That could be good news for AIG.

Over the past year, AIG, which is 80%-owned by U.S. taxpayers, has had to draw upon government funds to support ILFC and help pay off some of the unit's maturing debt. ILFC was previously able to raise funds on its own by issuing bonds and short-term debt known as commercial paper, but has been frozen out of the unsecured credit markets.

Earlier this month, AIG Chief Executive Robert Benmosche said the companies have been working to address ILFC's funding requirements.

ILFC said Monday night it plans to issue a new senior secured term loan of as much as $750 million, which would be secured "by a portfolio of aircraft assets and related leases."

"There can be no assurance that ILFC will be successful in obtaining financing at the time or on the terms it desires," the company added.

Such secured loans are commonly issued by companies with noninvestment-grade ratings to raise cash at affordable interest rates. Banks usually syndicate, or distribute, portions of the loans to other banks or institutional investors that could include hedge funds. The loans are seen as safer than unsecured bonds because they are secured by physical assets that could be sold off to repay loan holders in the event of a default or bankruptcy.

Earlier this month, AIG Chief Executive Robert Benmosche said the companies have been working to address ILFC's funding requirements. and are exploring options such as "accessing the capital markets through secured debt financing." He also said some of ILFC's assets could be sold in the future.

After the U.S. government bailed out AIG in September 2008, the insurer deemed ILFC a noncore business but has said it is committed to supporting the unit at least through late 2010. ILFC had roughly $30 billion outstanding debt as of September 2009.

Lloyds CEO takes spot in bonus-waiving parade

By Dana Cimilluca

Reuters

Lloyds Banking CEO Eric Daniels

LONDON—**Lloyds Banking Group** PLC Chief Executive Eric Daniels became the second U.K. bank chief in as many days to forgo a 2009 bonus, bowing to continued pressure on state-owned lenders to rein in pay.

In a statement late Monday, Win Bischoff, Lloyds's chairman, said that the bank's board believed Mr. Daniels was entitled to his full payout under the annual bonus program, which would have amounted to £2.3 million ($3.6 million). Mr. Daniels, however, declined the award for the second year in a row.

Mr. Daniels receives an annual salary of £1 million from Lloyds, which, in the wake of the financial crisis, is more than 40%-owned by the U.K. government.

The announcement follows Sunday's news that **Royal Bank of Scotland Group** PLC's chief executive, Stephen Hester, would waive his bonus of £1.6 million. RBS is 84%-owned by the U.K. government.

Executive compensation at banks has become a hot-button issue around the world, especially after several banks paid robust bonuses just one year after governments and central banks took extraordinary measures to rescue the financial system. The issue is especially thorny at RBS and Lloyds because of the government's big stake in each bank. The continued economic malaise has also stoked resentment against bankers and bonuses.

That climate prompted **Barclays** PLC's chief executive, John Varley, and president, Robert E. Diamond Jr., to give up their 2009 bonuses, even though the U.K. bank took no direct aid from the government.

"We have 30 million customers and can therefore understand the financial hardships that many households and businesses are experiencing across the U.K. arising from the decline in the economy last year," Sir Win said in the statement. Mr. Daniels waived his bonus "because he believes that the excellent progress the Group is making, based on the considerable contribution of many colleagues across the company, is in danger of being obscured by the current debate on executive bonus awards in the banking sector," the statement read.

RBS and Lloyds are set to report a net loss for the year, primarily due to rising bad-debt charges. RBS is scheduled to report results Thursday, followed by Lloyds on Friday.

—Patricia Kowsmann contributed to this article.

ASIA
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• Capital Market: Financing the Transformation of Asian Economies
• Breakfast Session: Medical Reform in China
"Green Recovery: Asia's Realistic Choice for Sustainable Growth"
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• Rethinking Growth
• Luncheon Session: Trade Protectionism – A Real Threat to Recovery
• Merger & Acquisition: Ideal vs. Reality
• Counter-Cyclical Strategies: Thinking Ahead
• Low-Carbon Energy: Can Asia Lead the World?
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Japanese yields ease following debt auction

By Megumi Fujikawa

TOKYO—Japanese government bond yields eased after a smooth auction of 20-year debt, but demand wasn't quite as strong as some had forecast.

The benchmark 10-year yield edged down 0.005 percentage point to 1.335%. The 20-year yield fell by the same amount to 2.165%. The government sold 1.005 trillion yen ($11.03 billion) of the 20-year debt at a lowest price of 100.85, in line with traders' expectations, to yield 2.138%. The new bonds carry a coupon of 2.2%, higher than the January issue's 2.1%.

BOND MARKETS

The auction went smoothly but didn't encounter overheated demand—as some had expected—despite the higher coupon, said Deutsche Securities strategist Makoto Yamashita.

"Investors may not have been in a rush to buy the 20-year notes because they will have 20- and 30-year auctions again in March and April, and they think they will still have a chance to buy [superlong bonds] at around current levels," he said.

The tail, a measure of demand that looks at the difference between the average price and the lowest accepted price, shortened to 0.05 from 0.08 at the previous 20-year auction in January. A short tail is an indicator of strong demand.

The auction had a bid-to-cover ratio of 2.90, compared with the 3.02 seen at the last 20-year sale. A higher bid-to-cover ratio is an indication of stronger demand.

A lack of surplus money on the part of investors focused on superlong maturities was another factor limiting demand, analysts said.

Dollar rallies on rivals

The dollar gained broadly against its rivals as disappointing U.S. consumer-confidence data sent investors fleeing from riskier assets.

CURRENCY MARKETS

The Conference Board's index of consumer confidence plunged in February, leading to concern the U.S. economy might not be recovering as quickly as some had expected.

Late Tuesday morning in New York, the euro was at $1.3544 from $1.3601 late Monday. The dollar was at 90.19 yen from 91.11 yen, while the euro was at 122.13 yen from 123.92 yen. The U.K. pound was at $1.5467 from $1.5480. The dollar was at 1.0813 Swiss francs from 1.0758 francs.

The euro was able to rebound slightly from an intraday low on news that Fitch Ratings had downgraded Greece's four largest banks.

Data, Greece send investors into Treasurys

By Deborah Lynn Blumberg

NEW YORK—U.S. government bond prices shot higher Tuesday following data that showed a plunge in U.S. consumer confidence in February, a downgrade of Greece's biggest banks and a well-bid $44 billion two-year note sale.

The weak confidence data and Greece developments had fueled worries about the pace of the global economic recovery, sending investors into low-risk U.S. government debt and away from riskier securities such as stocks.

U.S. CREDIT MARKETS

Treasurys held onto early gains after the government sold $44 billion in two-year notes Tuesday afternoon. The two-year note yield came in at 0.895%, compared with the 0.909% just before the sale. The bid-to-cover ratio was 3.33. The average for the last four two-year note sales was 3.21.

In afternoon trading, the two-year note was up 3/32 to yield 0.838% and the 10-year rose 28/32 to yield 3.691%. The 30-year Treasury gained 1 15/32, yielding 4.638%. Bond prices move inversely to yields.

Helping Treasurys, Fitch Ratings Tuesday morning lowered its issuer-default rating on the four biggest banks in Greece to one notch closer to junk territory, noting that fiscal tightening from the Greek government will affect the economy.

Shortly after the Fitch news, data from the Conference Board showed that consumer confidence fell by much more than expected this month. That news sparked fears among investors about the outlook for consumer spending and helped Treasurys gain even more.

The Greek news and European debt markets moving higher "was the harbinger" for Treasurys gains, said Tom Tucci, head of government bond trading at RBC in New York. "And then the confidence number released the rest of the market."

Market participants who had been low on Treasurys after the Federal Reserve last week raised its discount rate appeared to have been forced to come back into the government bond market and buy Treasurys as prices rose.

FUND SCORECARD

HF Multi-strategy

These funds offer investors exposure to several different hedge fund strategies. Assets managed in-house but may be divided among multiple managers. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending February 23, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
2	**Amethyst Arbitrage Fund Offshore**	Crystalline Management Inc	USD	Cayman Isl	**0.99**	62.90	15.03	12.54
NS	**Rosen Capital Partners LP**	Rosen Capital Management LLC	USD	United States	**33.62**	61.22	33.63	18.09
NS	**Rosen Offshore Limited**	Rosen Capital Management LLC	USD	Cayman Isl	**33.31**	60.63	33.05	17.40
4	**Adelante Sovereign High Yield Fund**	Adelante Asset Management Ltd	USD	Guernsey	**1.90**	55.31	10.52	11.51
2	**Hadron Fund EUR Class B**	Hadron Capital LLP	EUR	Cayman Isl	**-0.65**	48.92	6.51	14.90
2	**Hadron Fund EUR Class A**	Hadron Capital LLP	EUR	Cayman Isl	**-0.65**	48.86	6.46	14.86
NS	**WarrenWicklund Nordic Hedge Fund I**	WarrenWicklund Kapitalforvaltning AS	NOK	Norway	**0.15**	46.30	-13.14	-1.61
3	**Hadron Fund USD Class C**	Hadron Capital LLP	USD	Cayman Isl	**38.86**	46.12	7.52	NS
5	**Phalanx Jap Aus Multi-Strat LTD**	Phalanx Capital Management LLC	USD	United States	**4.56**	44.15	47.32	NS
2	**Investcorp Interlachen Multi-Strat Fund**	Investcorp Investment Advisers Limited	USD	Cayman Isl	**1.16**	43.86	4.91	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW the relaxed way to invest									
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	02/22	EUR	49.88	-8.0	29.3	-24.2
AllianceBernstein									
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	02/22	USD	10.25	-1.2	45.6	-11.1
Am Eq Blend B	US	EQ	LUX	02/22	USD	9.61	-1.4	44.3	-12.0
Am Growth A	US	EQ	LUX	02/22	USD	30.25	-3.2	42.2	-1.5
Am Growth AX	US	EQ	LUX	02/22	USD	32.68	-3.1	43.0	-0.9
Am Growth B	US	EQ	LUX	02/22	USD	25.40	-3.3	40.8	-2.5
Am Growth C	US	EQ	LUX	02/22	USD	27.35	-3.2	41.6	-1.9
Am Growth I	US	EQ	LUX	02/22	USD	33.56	-3.1	43.3	-0.7
Am Income A	US	BD	LUX	02/22	USD	8.43	0.0	26.1	6.2
Am Income A2	US	BD	LUX	02/22	USD	19.20	0.8	26.6	6.4
Am Income A2	OT	OT	NA	02/22	HKD	149.04	0.8	26.6	6.4
Am Income AT	OT	OT	NA	02/22	HKD	65.52	0.8	26.5	6.4
Am Income AT	US	BD	LUX	02/22	USD	8.44	0.8	26.5	6.4
Am Income B	US	BD	LUX	02/22	USD	8.43	0.0	25.2	5.4
Am Income B2	US	BD	LUX	02/22	USD	16.53	0.7	25.6	5.6
Am Income B2	OT	OT	NA	02/22	HKD	128.32	0.7	25.6	5.6
Am Income BT	OT	OT	NA	02/22	HKD	65.83	0.2	25.0	5.4
Am Income BT	US	BD	LUX	02/22	USD	8.48	0.2	25.0	5.4
Am Income C	US	BD	LUX	02/22	USD	8.43	0.0	25.5	5.7
Am Income C2	US	BD	LUX	02/22	USD	24.59	0.8	26.0	5.9
Am Income I	US	BD	LUX	02/22	USD	8.43	0.0	26.8	6.8
Am Value A	US	EQ	LUX	02/22	USD	8.55	0.2	33.2	-10.2
Am Value B	US	EQ	LUX	02/22	USD	7.86	0.1	31.9	-11.1
Am Value C	US	EQ	LUX	02/22	USD	8.55	0.2	32.6	-10.6
Am Value I	US	EQ	LUX	02/22	USD	9.21	0.3	34.1	-9.5
Emg Mkts Debt A	GL	BD	LUX	02/22	USD	15.48	-0.5	44.9	7.8
Emg Mkts Debt A2	GL	BD	LUX	02/22	USD	20.20	0.4	45.7	8.2
Emg Mkts Debt AT	GL	BD	LUX	02/22	USD	15.59	-0.1	45.0	7.9
Emg Mkts Debt B	GL	BD	LUX	02/22	USD	15.48	-0.5	43.6	6.8
Emg Mkts Debt B2	GL	BD	LUX	02/22	USD	19.43	0.4	44.2	7.1
Emg Mkts Debt BT	GL	BD	LUX	02/22	USD	15.56	-0.1	43.6	6.8
Emg Mkts Debt C	GL	BD	LUX	02/22	USD	15.48	-0.5	44.3	7.4
Emg Mkts Debt C2	GL	BD	LUX	02/22	USD	19.84	0.4	45.0	7.7
Emg Mkts Debt I	GL	BD	LUX	02/22	USD	15.48	-0.5	45.5	8.4
Emg Mkts Growth A	GL	EQ	LUX	02/22	USD	32.78	-5.4	81.5	-13.2
Emg Mkts Growth B	GL	EQ	LUX	02/22	USD	27.75	-5.5	79.8	-14.1
Emg Mkts Growth C	GL	EQ	LUX	02/22	USD	28.40	-5.5	80.8	-13.6
Emg Mkts Growth I	GL	EQ	LUX	02/22	USD	36.38	-5.3	83.0	-12.5
Eur Growth A	OT	OT	LUX	02/22	USD	9.52	-0.4	34.6	-13.6
Eur Growth A	OT	OT	LUX	02/22	EUR	7.00	-0.4	34.6	-13.6
Eur Growth B	OT	OT	LUX	02/22	EUR	6.28	-0.6	33.3	-14.4
Eur Growth B	OT	OT	LUX	02/22	USD	8.54	-0.6	33.3	-14.4
Eur Growth C	EU	EQ	LUX	02/22	EUR	5.30	-0.6	34.2	-14.0
Eur Growth I	OT	OT	LUX	02/22	USD	10.39	-0.4	35.7	-12.9
Eur Growth I	OT	OT	LUX	02/22	EUR	7.64	-0.4	35.7	-12.9
Eur Income A	OT	OT	LUX	02/22	EUR	6.67	1.1	43.4	6.5
Eur Income A	OT	OT	LUX	02/22	USD	9.07	1.1	43.4	6.5
Eur Income A2	OT	OT	LUX	02/22	EUR	13.12	1.9	43.9	6.7
Eur Income A2	OT	OT	LUX	02/22	USD	17.84	1.9	43.9	6.7
Eur Income AT	EU	BD	LUX	02/22	EUR	6.68	2.0	44.0	6.7
Eur Income B	OT	OT	LUX	02/22	EUR	6.67	1.1	42.6	5.8
Eur Income B	OT	OT	LUX	02/22	USD	9.07	1.1	42.6	5.8
Eur Income B2	OT	OT	LUX	02/22	EUR	12.19	1.8	42.9	5.9
Eur Income B2	OT	OT	LUX	02/22	USD	16.57	1.8	42.9	5.9
Eur Income BT	EU	BD	LUX	02/22	EUR	6.68	1.4	42.3	5.8
Eur Income C	OT	OT	LUX	02/22	EUR	6.67	1.1	42.9	6.0
Eur Income C	OT	OT	LUX	02/22	USD	9.07	1.1	42.9	6.0
Eur Income C2	OT	OT	LUX	02/22	USD	13.07	1.9	43.3	6.2
Eur Income C2	OT	OT	LUX	02/22	USD	17.77	1.9	43.3	6.2
Eur Income I	OT	OT	LUX	02/22	EUR	6.67	1.1	44.0	7.0
Eur Income I	OT	OT	LUX	02/22	USD	9.07	1.1	44.0	7.0
Eur Strat Value A	OT	OT	LUX	02/22	EUR	8.35	-2.1	39.4	-17.6
Eur Strat Value A	OT	OT	LUX	02/22	USD	11.35	-2.1	39.4	-17.6
Eur Strat Value I	OT	OT	LUX	02/22	EUR	8.55	-2.2	40.4	-16.9
Eur Strat Value I	OT	OT	LUX	02/22	USD	11.62	-2.2	40.4	-16.9
Eur Value A	OT	OT	LUX	02/22	EUR	8.96	-2.6	42.4	-14.1
Eur Value A	OT	OT	LUX	02/22	USD	12.18	-2.6	42.4	-14.1
Eur Value B	OT	OT	LUX	02/22	USD	11.19	-2.7	41.2	-15.0
Eur Value B	OT	OT	LUX	02/22	EUR	8.23	-2.7	41.2	-15.0
Eur Value C	OT	OT	LUX	02/22	USD	11.77	-2.6	42.0	-14.5
Eur Value C	OT	OT	LUX	02/22	EUR	8.66	-2.6	42.0	-14.5
Eur Value I	OT	OT	LUX	02/22	USD	14.10	-2.4	43.8	-13.4
Eur Value I	OT	OT	LUX	02/22	EUR	10.37	-2.4	43.8	-13.4
Gl Balanced (Euro) A	OT	OT	LUX	02/22	USD	15.55	-0.3	30.7	-8.7
Gl Balanced (Euro) B	OT	OT	LUX	02/22	USD	15.13	-0.4	29.4	-9.6
Gl Balanced (Euro) C	OT	OT	LUX	02/22	USD	15.43	-0.3	30.5	-8.9
Gl Balanced (Euro) I	OT	OT	LUX	02/22	USD	15.85	-0.2	NS	NS
Gl Balanced A	US	BA	LUX	02/22	USD	16.17	-1.9	35.0	-9.1
Gl Balanced B	US	BA	LUX	02/22	USD	15.35	-2.0	33.6	-10.0
Gl Balanced C	OT	OT	LUX	02/22	USD	15.92	-2.0	34.6	-9.3
Gl Balanced C	OT	OT	LUX	02/22	EUR	11.71	-2.0	34.6	-9.3
Gl Balanced I	US	BA	LUX	02/22	USD	16.78	-1.8	35.9	-8.4
Gl Bond A	US	BD	LUX	02/22	USD	9.31	0.8	14.9	4.8
Gl Bond A2	US	BD	LUX	02/22	USD	16.23	1.4	15.4	5.0
Gl Bond A2	OT	OT	NA	02/22	HKD	125.99	1.4	15.4	5.0
Gl Bond AT	OT	OT	LUX	02/22	HKD	72.35	1.1	15.1	4.8
Gl Bond AT	US	BD	LUX	02/22	USD	9.32	1.1	15.1	4.8
Gl Bond B	US	BD	LUX	02/22	USD	9.31	0.8	13.9	3.8
Gl Bond B2	US	BD	LUX	02/22	USD	14.19	1.2	14.2	3.9
Gl Bond B2	OT	OT	NA	02/22	HKD	110.15	1.2	14.2	3.9
Gl Bond BT	OT	OT	LUX	02/22	HKD	72.58	1.0	14.0	3.8
Gl Bond BT	US	BD	LUX	02/22	USD	9.35	1.0	14.0	3.8
Gl Bond C	US	BD	LUX	02/22	USD	9.31	0.8	14.5	4.4
Gl Bond C2	US	BD	LUX	02/22	USD	14.07	1.3	14.9	4.5
Gl Bond I	US	BD	LUX	02/22	USD	9.31	0.8	15.5	5.4
Gl Conservative A	US	BA	LUX	02/22	USD	14.81	-0.4	21.8	-3.1
Gl Conservative A2	US	BA	LUX	02/22	USD	16.86	-0.4	21.8	-3.1
Gl Conservative B	US	BA	LUX	02/22	USD	14.78	-0.5	20.6	-4.0
Gl Conservative B2	US	BA	LUX	02/22	USD	15.99	-0.6	20.6	-4.1
Gl Conservative C	US	BA	LUX	02/22	USD	14.79	-0.5	21.2	-3.5
Gl Conservative C2	US	BA	LUX	02/22	USD	16.48	-0.5	21.3	-3.5
Gl Conservative I	US	BA	LUX	02/22	USD	14.89	-0.3	22.8	-2.3
Gl Eq Blend A	GL	EQ	LUX	02/22	USD	11.19	-4.0	48.4	-18.8
Gl Eq Blend B	GL	EQ	LUX	02/22	USD	10.48	-4.3	46.8	-19.7
Gl Eq Blend C	GL	EQ	LUX	02/22	USD	10.98	-4.2	47.8	-19.2
Gl Eq Blend I	GL	EQ	LUX	02/22	USD	11.81	-4.0	49.5	-18.2
Gl Growth A	GL	EQ	LUX	02/22	USD	40.42	-3.6	42.7	-19.3
Gl Growth B	GL	EQ	LUX	02/22	USD	33.69	-3.7	41.3	-20.1
Gl Growth C	GL	EQ	LUX	02/22	USD	38.76	-3.6	42.1	-19.7
Gl Growth I	GL	EQ	LUX	02/22	USD	44.93	-3.4	43.9	-18.7
Gl High Yield A	US	BD	LUX	02/22	USD	4.34	0.2	59.5	6.2
Gl High Yield A2	US	BD	LUX	02/22	USD	9.39	1.4	60.5	6.5
Gl High Yield A2	OT	OT	NA	02/22	HKD	72.89	1.4	60.5	6.5
Gl High Yield AT	OT	OT	NA	02/22	HKD	33.46	1.4	60.5	6.4
Gl High Yield AT	US	BD	LUX	02/22	USD	4.31	1.4	60.5	6.4
Gl High Yield B	US	BD	LUX	02/22	USD	4.34	0.2	57.6	5.0
Gl High Yield B2	US	BD	LUX	02/22	USD	15.07	1.3	58.8	5.5
Gl High Yield B2	OT	OT	NA	02/22	HKD	116.98	1.3	58.8	5.5
Gl High Yield BT	OT	OT	NA	02/22	HKD	34.08	0.7	58.3	5.2
Gl High Yield BT	US	BD	LUX	02/22	USD	4.39	0.7	58.3	5.2
Gl High Yield C	US	BD	LUX	02/22	USD	4.34	0.2	58.7	5.7
Gl High Yield C2	US	BD	LUX	02/22	USD	13.91	1.4	59.9	6.0
Gl High Yield I	US	BD	LUX	02/22	USD	4.34	0.2	60.5	6.9
Gl Thematic Res. A	OT	OT	LUX	02/22	USD	14.25	-3.3	80.4	-1.9
Gl Thematic Res. B	OT	OT	LUX	02/22	USD	12.45	-3.4	78.6	-2.8
Gl Thematic Res. I	OT	OT	LUX	02/22	USD	15.90	-3.2	81.7	-1.1
Gl Value A	GL	EQ	LUX	02/22	USD	10.63	-4.6	54.5	-18.4
Gl Value B	GL	EQ	LUX	02/22	USD	9.75	-4.8	53.1	-19.2
Gl Value C	GL	EQ	LUX	02/22	USD	10.32	-4.7	53.8	-18.8
Gl Value I	GL	EQ	LUX	02/22	USD	11.32	-4.5	55.7	-17.8
Greater China A	AS	EQ	LUX	02/22	USD	37.31	-6.8	58.8	-13.0
Greater China B	AS	EQ	LUX	02/22	USD	32.97	-6.9	57.2	-13.8
Greater China C	AS	EQ	LUX	02/22	USD	36.81	-6.9	58.1	-13.4
India Growth A	OT	OT	LUX	02/22	USD	120.92	-4.7	NS	NS
India Growth AX	OT	OT	LUX	02/22	USD	105.74	-4.7	94.4	-5.1
India Growth B	OT	OT	LUX	02/22	USD	126.49	-4.9	NS	NS
India Growth BX	OT	OT	LUX	02/22	USD	90.26	-4.8	92.5	-6.1
India Growth I	EA	EQ	LUX	02/22	USD	109.66	-4.6	95.3	-4.8
Int'l Health Care A	OT	EQ	LUX	02/22	USD	139.08	1.2	22.1	-4.9
Int'l Health Care B	OT	EQ	LUX	02/22	USD	117.14	1.0	20.9	-5.9
Int'l Health Care C	OT	EQ	LUX	02/22	USD	133.21	1.1	21.6	-5.4
Int'l Health Care I	OT	EQ	LUX	02/22	USD	152.13	1.3	23.1	-4.2
Int'l Technology A	OT	EQ	LUX	02/22	USD	106.00	-4.0	59.5	-5.4
Int'l Technology B	OT	EQ	LUX	02/22	USD	91.72	-4.1	58.0	-6.3
Int'l Technology C	OT	EQ	LUX	02/22	USD	102.37	-4.0	58.8	-5.8
Int'l Technology I	OT	EQ	LUX	02/22	USD	118.99	-3.8	60.8	-4.6
Japan Eq Blend A	JP	EQ	LUX	02/22	JPY	5990.00	-0.6	35.9	-18.7
Japan Eq Blend B	JP	EQ	LUX	02/22	JPY	5772.00	-0.7	34.5	-19.5
Japan Eq Blend C	JP	EQ	LUX	02/22	JPY	5891.00	-0.6	35.3	-19.1
Japan Growth A	JP	EQ	LUX	02/22	JPY	5690.00	-3.1	23.1	-20.1
Japan Growth B	JP	EQ	LUX	02/22	JPY	5483.00	-3.3	21.8	-20.8
Japan Growth C	JP	EQ	LUX	02/22	JPY	5596.00	-3.2	22.5	-20.4
Japan Strat Value A	JP	EQ	LUX	02/22	JPY	6249.00	2.1	49.0	-17.7
Japan Strat Value B	JP	EQ	LUX	02/22	JPY	6027.00	2.0	47.5	-18.5
Japan Strat Value C	JP	EQ	LUX	02/22	JPY	6140.00	2.0	48.3	-18.1
Real Estate Sec. A	OT	EQ	LUX	02/22	USD	13.81	-3.8	68.6	-13.5
Real Estate Sec. B	OT	EQ	LUX	02/22	USD	12.61	-3.9	67.0	-14.4
Real Estate Sec. I	OT	EQ	LUX	02/22	USD	14.86	-3.6	70.0	-12.8
Short Mat Dollar A	US	BD	LUX	02/22	USD	7.27	0.0	14.0	-4.4
Short Mat Dollar A2	US	BD	LUX	02/22	USD	9.85	0.6	14.4	-4.3
Short Mat Dollar AT	US	BD	LUX	02/22	USD	7.27	0.3	14.0	-4.5
Short Mat Dollar B	US	BD	LUX	02/22	USD	7.27	0.0	13.6	-4.8
Short Mat Dollar B2	US	BD	LUX	02/22	USD	9.79	0.5	13.8	-4.7
Short Mat Dollar BT	OT	OT	LUX	02/22	USD	7.29	0.3	NS	-5.1
Short Mat Dollar C	US	BD	LUX	02/22	USD	7.27	0.0	13.6	-4.8
Short Mat Dollar C2	US	BD	LUX	02/22	USD	13.85	0.6	13.9	-4.7
Short Mat Dollar I	US	BD	LUX	02/22	USD	7.27	0.0	14.6	-3.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC Private Banking & Wealth Management Group									
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	02/22	USD	101.49	1.5	23.3	20.0
PLATINUM CAPITAL MANAGEMENT									
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4
SUPERFUND									
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	02/16	USD	33.82	-17.1	-59.4	-14.9
Superfund GCT USD*	GL	EQ	LUX	02/16	USD	1886.00	-14.1	-48.6	-11.1
Superfund Green Gold A (SPC)	OT	OT	CYM	02/16	USD	888.59	-7.9	-26.0	-2.5
Superfund Green Gold B (SPC)	OT	OT	CYM	02/16	USD	814.96	-12.9	-41.6	-9.4
Superfund Q-AG*	OT	OT	AUT	02/16	EUR	6016.00	-9.1	NS	-3.0
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	01/29	EUR	191.46	-2.7	-8.1	4.3
Winton Futures GBP Cls D	OT	OT	VGB	01/29	GBP	207.19	-2.7	-7.6	5.2
Winton Futures JPY Cls E	OT	OT	VGB	01/29	JPY	13526.58	-2.6	-9.3	2.0
Winton Futures USD Cls B	OT	OT	VGB	01/29	USD	680.91	-2.6	-8.1	4.0
Allianz Global Investors									
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	02/23	EUR	49.60	-4.9	48.9	-7.5
Industria AE	EU	EQ	DEU	02/23	EUR	71.42	-0.1	40.6	-12.3
InternRent AE	EU	BD	DEU	02/23	EUR	37.08	5.3	3.9	10.6
■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	02/11	USD	293026.41	6.7	123.6	12.1

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INTERNATIONAL INVESTOR

U.S., Europe stocks fall on economic worries

By Kristina Peterson

NEW YORK—U.S. stocks fell as concerns mounted over consumers' spending power after a measure of consumer confidence unexpectedly fell sharply this month.

The Dow Jones Industrial Average was down 86.76 points, or 0.8%, to 10296.62 in midday trading.

ABREAST OF THE MARKET

Component **Intel** dropped 2.2% after announcing plans to work with venture-capital firms to steer billions of dollars into new technology investments.

Materials components also fell, with **Alcoa** down 2.1% and **Caterpillar** down 2.4%.

Home Depot climbed 2% after the home-improvement retailer announced its first dividend increase since 2006 as earnings topped estimates.

The Nasdaq Composite shed 1.3% to 2211.88, while the Standard & Poor's 500-stock index fell 1% to 1087.19.

The market's declines piled on after the Conference Board announced the unexpected drop in consumer confidence. Investors said the plunge didn't bode well for retailers and other businesses that rely on consumer spending.

Many retailers that opened the session with gains then slid into the red. Among them was **Sears Holdings**, down 1.4% despite announcing a surge in profit.

Book seller **Barnes & Noble** fell 4.7% after same-store sales declined more than forecast during the quarter.

Brocade Communications Systems stumbled 23% as the network equipment maker offered up weaker-than-forecast revenue guidance.

European stocks

Shares fell, hit by concerns over the strength of the economic recovery and weak corporate earnings.

The pan-European Dow Jones Stoxx 600 index fell 1.2% to 246.74, dented by an unexpected decline in Germany's Ifo sentiment index.

Among national indexes, the German DAX index shed 1.5% to 5604.07, while the French CAC-40 index lost 1.3% to 3707.06. The U.K.'s FTSE 100 index ended 0.7% lower at 53515.09.

Piraeus Bank dropped 5.5% in Athens. It was one of four Greek lenders downgraded by Fitch Ratings on worries that government measures to curb the deficit will dent the economy. The Athens exchange's benchmark dropped 1.8% to 1922.69.

German lender **Commerzbank** fell 6.5% as it disclosed that fourth-quarter earnings took a harder hit than expected from trading losses and write-downs.

Drug maker **Merck KGaA** skidded 10% on disappointing earnings and a downbeat outlook for 2010.

Danish brewer **Carlsberg** rose 8% and Dutch brewer **Heineken** gained 3.1%. Both companies reported surging profits.

Greece to issue 10-year bond 'quite soon'

By Costas Paris

ATHENS—Greece is aiming to issue a 10-year bond, possibly within the next few days, amid signs that conditions in the market are improving, a person familiar with the situation said Tuesday.

The issue, which will be the second for Greece this year—and the first since European Union leaders declared their political support for Greece's borrowing program—is seen as a test of credibility for the country with investors.

The person said the issue will come "quite soon, as conditions in the Greek bond market are improving substantially."

However, amid general unhappiness by unions over recent government austerity measures, the person said the issue wouldn't come before a 24-hour general strike on Wednesday, called by Greece's two major unions, GSEE and ADEDY.

"There will not be a bond issued on a day where there could be clashes," the person said.

The Greek government has already been in talks with foreign banks about the timing and pricing of a 10-year bond issue, a second person familiar with the government's thinking said Tuesday.

"There is still no decision on the exact day the bond will be priced. But there was contact yesterday with a couple of banks abroad to check on market conditions," the second person said.

Hong Kong advances; Shanghai shares slide

By Shri Navaratnam And Philip Vahn

Concerns about an impending increase in the supply of shares dragged on financial stocks in China, while investors snapped up property developers, pushing up Hong Kong's benchmark.

Traders were watching for signs of progress on debt-strapped Greece, with focus on meetings this week between European Union representatives and Greek authorities to discuss the country's finances.

ASIAN-PACIFIC STOCKS

Japan's Nikkei Stock Average of 225 companies shed 0.5% to 10352.10, China's Shanghai Composite lost 0.7% to 2982.58 and Australia's S&P/ASX 200 ended flat. Hong Kong's Hang Seng Index gained 1.2% to 20623.00, and South Korea's Kospi inched up 0.1% to 1628.90.

Ping An Insurance (Group) Co. of China fell 8.9% in heavy trading in Shanghai, after the insurer said three of its shareholders will be free to sell a total of 859.8 million yuan-denominated shares worth around 39 billion yuan ($5.7 billion) from Monday, when a three-year lockup period expires. In Hong Kong, the stock fell 2%.

Many Chinese banks also dropped sharply in Shanghai on concerns about an increase in supply of shares as some of them announced details of their fund-raising plans.

China Merchants Bank lost 1.7% after the lender said it has set a 1.3-for-10 ratio for its planned 22 billion yuan rights issue. **Hua Xia Bank** lost 1.3% after the midsize Chinese lender announced plans to issue as much as 4.4 billion yuan worth of 10-year subordinated bonds between Friday and March 2 to replenish capital.

Hong Kong shares pushed higher, paced by property-sector stocks after **Sun Hung Kai Properties**' aggressive bid Monday to buy a plot of land in a government auction.

Sentiment was also positive amid expectations that the Hong Kong government may announce tax concessions in its annual budget Wednesday.

SHK shares gained 3.4%, **Sino Land** climbed 3.6% and **Henderson Land Development** jumped 4.2%.

Japanese exporters were lower as the U.S. dollar weakened against the yen. **Honda Motor** fell 2.2%, **Toyota Motor** gave up 0.5% and **Sony** slipped 0.3%.

Shares of some Australian companies declined on disappointment over earnings reports and dividend policies. **Aristocrat Leisure** lost 4.3% after its fiscal-year revenue fell 16% and the company said it won't pay a dividend. Newspaper publisher and radio-station operator **APN News & Media** fell 2.9% after slashing its final dividend.

Technology shares were mostly weak in Seoul, with **LG Display** dropping 4.3%, **Samsung Electronics** losing 0.8% and **LG Electronics** falling 2.6%.

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GAM

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	02/12	USD	1286.73	3.5	25.3	-6.1
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	02/15	JPY	13901.07	-10.5	54.4	2.0
GAM Asia Equity Hedge US	OT	OT	VGB	02/15	USD	259.44	-10.6	NS	3.3
GAM Asia Equity USD	OT	OT	VGB	02/22	USD	607.66	-7.1	70.5	-10.7
GAM Asia-Pacific Eq USD	OT	OT	VGB	02/16	USD	1252.87	-2.3	27.3	-11.6
GAM Com Glb Bal EUR Op	US	BA	VGB	02/15	EUR	95.23	-1.7	15.1	-7.0
GAM Com Glb Bal USD Op	US	BA	VGB	02/15	USD	125.64	-1.7	15.1	-7.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/15	EUR	96.36	-4.2	21.3	-12.7
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/15	USD	122.14	-4.2	21.3	-12.7
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/15	EUR	85.89	-3.1	15.3	-10.4
GAM Comp Glb Gr USD Op	US	BA	VGB	02/15	USD	123.12	-3.1	15.3	-10.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/19	USD	244.55	-1.6	39.9	-7.6
GAM Cross Trading Inc	OT	OT	VGB	02/15	USD	462.48	-0.7	4.5	NS
GAM Diversity CHF Op	OT	OT	VGB	02/15	CHF	93.89	-0.4	3.4	-6.1
GAM Diversity EUR Op	OT	OT	VGB	02/15	EUR	645.98	-0.4	4.0	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	02/15	USD	77.37	-1.2	7.5	-18.1
GAM Diversity USD Op	OT	OT	VGB	02/15	USD	678.55	-0.4	4.2	-5.4
GAM Dvrsty II CHF Op	OT	OT	VGB	02/15	CHF	99.05	-0.5	2.8	-6.0
GAM Dvrsty II EUR Op	OT	OT	VGB	02/15	EUR	138.21	-0.4	3.2	-4.7
GAM Dvrsty II USD Op	OT	OT	VGB	02/15	USD	209.36	-0.4	3.4	-5.3
GAM DvrstyIII EUR Op	OT	OT	VGB	02/15	EUR	115.07	-0.4	3.1	-4.9
GAM DvrstyIII USD Op	OT	OT	VGB	02/15	USD	121.52	-0.4	3.4	-5.0
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/15	EUR	216.19	-1.2	9.5	-3.1
GAM Euro Eq Hdg USD Op	OT	OT	VGB	02/15	USD	200.72	-1.3	10.6	-1.6
GAM European Equity USD	OT	OT	VGB	02/19	USD	274.10	-6.5	37.3	-12.3
GAM GAMCO	OT	EQ	VGB	02/16	USD	797.81	-1.6	47.5	-8.3
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/15	EUR	95.90	-2.0	11.0	-15.5
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	02/15	USD	101.33	-1.8	10.9	-14.7
GAM Gbl Divers USD Inc.	GL	EQ	VGB	02/15	USD	242.90	-2.8	26.6	-5.7
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/08	USD	252.20	-12.0	93.4	18.7
GAM Intrst Trend II	GL	BD	VGB	02/15	USD	103.47	9.9	63.3	-4.3
GAM Intrst Trend Inc	OT	OT	VGB	02/15	USD	275.16	9.4	76.2	-2.4
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	02/15	EUR	120.90	3.6	14.8	-0.4
GAM Japan Eq Hdg USD Op	OT	OT	VGB	02/15	USD	124.04	1.6	17.5	-13.8
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/15	JPY	8542.25	1.6	18.0	-12.7
GAM Japan USD	JP	EQ	VGB	02/22	USD	1133.16	2.8	33.5	-11.8
GAM Japan YEN	JP	EQ	VGB	02/22	JPY	8990.79	1.9	34.0	-17.4
GAM Money Mkt EuroOp	EU	MM	VGB	02/19	EUR	51.16	0.1	0.2	1.5
GAM Money Mkt USD	US	MM	VGB	02/19	USD	100.00	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/15	EUR	112.39	1.1	1.0	-8.2
GAM Multi-Arb USD Op	OT	OT	VGB	02/15	USD	117.26	1.0	1.2	-8.6
GAM Multi-China EUR Op	OT	OT	VGB	02/15	EUR	160.39	-4.5	6.9	-6.1
GAM Multi-China USD Op	OT	OT	VGB	02/15	USD	169.03	-4.3	7.8	-6.7
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/15	GBP	128.79	-2.1	22.9	-0.6
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/15	USD	637.69	-2.0	23.0	-1.0
GAM Multi-Eur EUR Op	OT	OT	VGB	02/15	EUR	264.04	-1.8	3.8	-7.2
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/15	EUR	135.86	-1.8	3.8	-7.2
GAM Multi-Eur II USD Op	OT	OT	VGB	02/15	USD	111.13	-1.7	3.7	-8.2
GAM Multi-Eur USD Op	OT	OT	VGB	02/15	USD	459.59	-1.7	3.7	-8.1
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/15	EUR	133.73	-0.2	8.6	-1.8
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/15	USD	217.57	-0.3	8.9	-2.0
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/15	EUR	139.69	-2.6	1.4	-3.1
GAM Multi-Pac USD Op	OT	OT	VGB	02/15	USD	161.37	-2.4	1.8	-3.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/12	USD	2650.31	0.5	55.3	11.2
GAM Sing/Malaysia	AS	EQ	VGB	02/19	USD	2385.14	-5.5	59.9	-10.3
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/15	GBP	238.27	3.6	47.6	6.3
GAM Trading EUR Inc	OT	OT	VGB	02/15	EUR	322.64	-0.8	4.1	4.3
GAM Trading USD Inc	OT	OT	VGB	02/15	USD	966.04	-0.7	4.5	3.6
GAM Trdg II IncEUR Op	OT	OT	VGB	02/15	EUR	138.01	-0.8	4.0	4.2
GAM Trdg II IncUSD Op	OT	OT	VGB	02/15	USD	313.68	-0.7	4.5	3.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/15	EUR	145.60	-0.8	3.8	3.9
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/15	USD	153.35	-0.8	4.3	3.5
GAM Trdg V IncEUR Op	OT	OT	VGB	02/15	EUR	123.43	-0.8	3.8	3.8
GAM Trdg V IncUSD Op	OT	OT	VGB	02/15	USD	128.66	-0.7	4.3	3.4
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/15	EUR	155.67	-0.9	3.9	3.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/15	USD	161.30	-0.7	4.3	3.5
GAM USDSpecBondInc	US	BD	VGB	02/15	USD	554.93	4.7	83.6	9.4
GAM Worldwide	GL	EQ	VGB	02/19	USD	2118.82	-4.8	40.7	-9.5
GAMut Investments	OT	OT	VGB	02/17	USD	7645.54	0.9	2.2	7.0

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	02/19	CHF	10.44	-5.4	46.9	-13.2
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	02/19	EUR	11.42	-4.1	51.9	-8.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	02/19	GBP	1.49	-4.9	50.6	-0.8
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	02/19	USD	12.21	-9.0	63.4	-11.4
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	02/19	EUR	102.76	1.6	29.2	-9.3
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	02/19	EUR	99.45	1.6	29.2	-9.3
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	02/22	EUR	10.79	-1.8	35.0	-5.7
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	02/22	EUR	180.03	-1.7	33.6	-8.2
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	02/22	EUR	164.50	-1.7	33.5	-8.2
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	02/22	USD	14.93	-6.7	41.5	-11.8
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	02/22	USD	13.54	-6.7	41.5	-11.8
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	02/19	USD	5.57	1.6	41.5	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	02/19	EUR	90.61	3.0	22.9	-8.6
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	02/19	EUR	90.61	3.0	22.9	-8.6
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	02/19	JPY	918.80	-0.2	28.1	-18.7
GAMStar-JpnEq USD Acc	JP	EQ	IRL	02/19	USD	11.16	0.4	27.8	-13.4
GAMStar-World EqUSD Acc	GL	EQ	IRL	02/19	USD	2133.70	-4.6	41.6	-9.0

LIST YOUR FUNDS

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■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	02/23	USD	15.08	-1.2	38.2	-9.3
American Growth AA	US	EQ	LUX	02/23	USD	0.87	-1.2	37.8	-6.8
Asian Equity	AS	EQ	LUX	02/23	USD	2.32	-5.7	74.7	-8.6
Asian Equity AA	AS	EQ	LUX	02/23	USD	0.75	-5.7	74.0	-8.9
Asian Sm Cap Equity AA	AS	EQ	LUX	02/23	USD	1.13	-3.1	100.4	-2.3
China Value A	AS	EQ	LUX	02/23	USD	6.57	-8.2	60.5	-5.5
China Value AA	AS	EQ	LUX	02/23	USD	2.07	-8.3	60.1	-5.7
Dragon Growth	AS	EQ	LUX	02/23	USD	1.54	-6.8	64.2	-6.9
Dragon Growth AA	OT	OT	LUX	02/23	HKD	7.52	-6.7	63.8	-7.8
Emg Eastrn Europe A	EU	EQ	LUX	02/23	USD	4.46	-2.0	134.9	-15.7
Emg Eastrn Europe AA	EU	EQ	LUX	02/23	USD	1.92	-2.1	134.5	-15.9
European Growth	EU	EQ	LUX	02/23	USD	8.51	-6.1	63.7	-15.9
European Growth AA	EU	EQ	LUX	02/23	USD	0.61	-6.1	63.3	-16.1
Global Contrarain AA	GL	EQ	LUX	02/23	USD	0.91	3.5	118.7	NS
Global Property AA	OT	EQ	LUX	02/23	USD	0.66	-3.2	84.0	-12.2
Global Resources AA	OT	EQ	LUX	02/23	USD	1.04	-2.4	50.1	-14.9
Healthcare AA	OT	EQ	LUX	02/23	USD	0.94	0.1	17.8	NS
India Equity AA	EA	EQ	LUX	02/23	USD	1.02	-7.0	82.7	-13.2
International Growth	GL	EQ	LUX	02/23	USD	2.97	-2.1	37.6	-13.2
International Growth AA	GL	EQ	LUX	02/23	USD	0.69	-2.1	37.3	-13.4
Japanese Growth	JP	EQ	LUX	02/23	USD	2.76	0.3	30.0	-10.4
Japanese Growth AA	JP	EQ	LUX	02/23	USD	0.73	1.0	30.6	-10.3
Latin America Equity AA	GL	EQ	LUX	02/23	USD	1.23	-3.6	102.9	-6.4
Manulife GF Strategic Income Fund AA	OT	OT	NA	02/23	USD	1.01	1.0	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	02/23	USD	1.12	-2.2	NS	NS
Russia Equity AA	EE	EQ	LUX	02/23	USD	0.65	6.0	159.8	-19.8
Taiwan Equity AA	AS	EQ	LUX	02/23	USD	0.99	-9.1	85.0	-2.9
Turkey Equity AA	EE	EQ	LUX	02/23	USD	0.75	0.9	163.0	-3.1
U.S. Bond AA	US	BD	LUX	02/23	USD	1.12	1.4	17.9	8.0
U.S. Sm Cap Equity AA	US	EQ	LUX	02/23	USD	0.87	6.1	83.9	-6.6
U.S. Special Opportunities	OT	OT	LUX	02/23	USD	0.87	7.2	103.2	6.8
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	02/23	USD	1.14	-0.1	7.3	1.5

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	02/17	USD	130.72	2.6	136.6	-0.2

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	02/22	USD	7.80	-2.7	101.0	-3.6

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	02/19	EUR	21.04	2.2	52.5	4.7
Bonds EURO A	OT	OT	LUX	02/19	EUR	41.24	0.5	4.7	4.5
Bonds EUROPE A	OT	OT	LUX	02/19	EUR	39.34	0.6	3.3	4.1
Bonds US OppsCoreplus A	OT	OT	LUX	02/19	USD	37.26	1.0	15.2	8.4
Bonds World A	OT	OT	LUX	02/22	USD	41.22	-1.9	10.1	3.5
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	02/22	USD	9.80	-6.0	76.3	-9.4
Eq. China A	AS	EQ	LUX	02/22	USD	21.75	-9.9	60.4	-11.0
Eq. Concentrated Euroland A	OT	OT	LUX	02/22	EUR	88.45	-4.9	30.2	-15.5
Eq. ConcentratedEuropeA	EU	EQ	LUX	02/19	EUR	26.31	-2.6	38.6	-14.3
Eq. Emerging Europe A	OT	OT	LUX	02/19	EUR	24.54	4.2	111.1	-20.8
Eq. Euroland A	EU	EQ	LUX	02/22	EUR	10.36	-4.3	34.5	-15.9
Eq. Euroland Small Cap A	OT	OT	LUX	02/22	EUR	140.58	-0.4	47.1	-7.7
Eq. EurolandCyclclsA	EU	EQ	LUX	02/22	EUR	17.62	-1.0	39.8	-11.2
Eq. EurolandFinancialA	OT	EQ	LUX	02/19	EUR	10.31	-8.9	58.4	-18.9
Eq. Glbl Emg Cty A	GL	EQ	LUX	02/22	USD	8.82	-8.9	67.2	-16.4
Eq. Global A	GL	EQ	LUX	02/19	USD	27.11	-2.7	46.3	-11.0
Eq. Global Energy A	OT	OT	LUX	02/19	USD	17.57	-3.1	33.4	-14.5
Eq. Global Resources A	OT	OT	LUX	02/19	USD	105.78	-3.1	50.4	-13.2
Eq. Gold Mines A	OT	EQ	LUX	02/19	USD	28.78	-5.0	31.5	-5.9
Eq. India A	OT	OT	LUX	02/22	USD	121.84	-6.8	82.7	-13.4
Eq. Japan CoreAlpha A	OT	OT	LUX	02/22	JPY	7489.52	3.2	43.5	-7.2
Eq. Latin America A	OT	OT	LUX	02/19	USD	110.93	-4.6	83.3	-11.1
Eq. US Lg Cap Gr A	US	EQ	LUX	02/22	USD	14.93	-2.2	42.3	-9.8
Eq. US Rel Val A	US	EQ	LUX	02/19	USD	20.53	-0.3	53.0	-11.8
Eq, US Sm Cap Val A	US	EQ	LUX	02/19	USD	16.17	1.4	48.1	-15.1
Money Market EURO A	EU	MM	LUX	02/19	EUR	27.41	0.0	0.7	2.4
Money Market USD A	US	MM	LUX	02/19	USD	15.83	0.0	0.3	1.4

The National Investor

■ THE NATIONAL INVESTOR
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TNI Mena Real Estate Fund	OT	OT	BMU	02/11	USD	921.37	-4.1	6.6	-28.6
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/18	AED	4.89	-8.3	17.1	-35.5

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formerly known as China ABH Shares Fund									
Intel-Chin MainInd Foc	AS	EQ	CYM	02/17	USD	28.46	-4.6	75.0	6.0
Intel-China Converg*	AS	EQ	CYM	02/17	USD	108.68	-4.7	75.0	4.0
VP Classic - A	AS	EQ	CYM	02/22	USD	177.63	-4.7	76.3	0.4
VP Classic - B	AS	EQ	CYM	02/22	USD	82.73	-4.8	75.4	-0.1
VP High Dividend Stk	AS	EQ	CYM	02/17	USD	44.99	-1.0	80.1	5.5

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■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	02/19	JPY	8992.00	-4.9	24.2	-20.5
YMR-N Small Cap Fund	OT	OT	IRL	02/19	JPY	6572.00	-6.3	20.0	-21.2
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	02/23	JPY	5864.00	-4.7	18.4	-23.1
Yuki 77 Growth	JP	EQ	IRL	02/23	JPY	5371.00	-4.8	12.6	-26.8
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	02/23	JPY	6708.00	-1.7	28.4	-18.6
Yuki Chugoku JpnLowP	JP	EQ	IRL	02/23	JPY	7665.00	1.6	18.5	-17.1
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	02/23	JPY	4590.00	-1.8	21.6	-22.5
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	02/23	JPY	5199.00	-0.9	20.0	-18.1
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	02/23	JPY	4802.00	-5.9	21.3	-19.9
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	02/23	JPY	4245.00	-4.0	22.5	-26.5
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	02/23	JPY	4453.00	-4.5	21.7	-26.8
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	02/23	JPY	6680.00	-4.2	32.5	-21.1
Yuki Mizuho Jpn Gen	OT	OT	IRL	02/23	JPY	8334.00	-3.3	27.2	-19.0
Yuki Mizuho Jpn Gro	OT	OT	IRL	02/23	JPY	6137.00	-3.5	21.0	-21.2
Yuki Mizuho Jpn Inc	OT	OT	IRL	02/23	JPY	7527.00	-1.4	11.0	-20.1
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	02/23	JPY	5082.00	-2.1	25.7	-20.1
Yuki Mizuho Jpn LowP	OT	OT	IRL	02/23	JPY	11516.00	-0.4	27.7	-14.2
Yuki Mizuho Jpn PGth	OT	OT	IRL	02/23	JPY	7546.00	-5.2	20.5	-24.3
Yuki Mizuho Jpn SmCp	OT	OT	IRL	02/23	JPY	6625.00	-7.2	28.5	-21.8
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	02/23	JPY	5586.00	-1.1	26.6	-16.6
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	02/23	JPY	2646.00	-2.9	24.6	-24.9
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	02/23	JPY	5273.00	-2.7	27.0	-20.0

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Switzerland	-0.70%	0.4%	51.8%
Japan	-0.32	-0.1%	26.9
Sweden	-0.93	-0.2	61.7
U.K.	-0.58	-1.7	40.0
Netherlands	-0.78	-1.9	54.3
Australia	0.17	-2.2	39.6
Canada	-0.70	-2.5	43.8
South Africa	-1.09	-3.1	31.7
South Korea	-0.04	-4.0	57.8
Singapore	0.79	-4.3	74.3
Turkey	-2.27	-4.5	106.7
Russia	-3.88	-4.9	93.7
Hong Kong	0.96	-6.2	53.1
France	-1.16	-6.2	39.3
Germany	-1.40	-6.3	37.7
Italy	-1.65	-7.5	41.7
Brazil	-1.46	-9.4	100.4
Spain	-1.94	-11.5	27.2
China 88	-1.63	-12.3	33.1

Dow Jones Regional Sector Titans

Nordic 30 -p	0.38%	4.5%	55.9%
Arab 50	-0.89	3.5	33.9
Travel Leisure	-0.26	2.4	44.1
Pers H'hold Gds	-0.48	1.8	45.3
EU Enlarged†-p	1.20	-0.5%	83.8
Asian 50	0.33	-1.5	55.3
Stoxx 50 -p	-0.47	-2.9	39.4
Global 50	0.08	-3.9	39.3
Tiger 50*	0.64	-5.5	74.2
Euro Stoxx 50 -p	-0.55	-6.3	39.5

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Sun Hung Kai Prop	Hong Kong	Real Estate Holding Development	$34.9	105.60	3.43%	76.0%	11.1%
CNOOC	Hong Kong	Exploration Production	71.4	12.42	1.64	83.2	93.8
Nippon Steel	Japan	Iron Steel	23.3	336.00	1.51	37.7	-59.8
Taiwan Smcndtr Mfg	Taiwan	Semiconductors	48.3	59.80	1.36	36.6	-12.4
China Constr Bk	Hong Kong	Banks	171.5	5.93	1.19	53.6	30.9
Japan Tobacco	Japan	Tobacco	$34.5	325,500	-2.54%	41.6	-40.4
Honda Motor	Japan	Automobiles	62.8	3,110	-2.20	40.4	-33.0
Nissan Motor	Japan	Automobiles	33.5	745.00	-1.19	170.9	-47.0
KDDI	Japan	Mobile Telecommunications	23.5	481,500	-1.13	-1.5	-49.1
East Japan Railway	Japan	Travel Tourism	26.1	5,970	-1.00	7.0	-36.6

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Westfield Grp Australia (Retail REITs)	24.6	11.83	1.02%	23.2%	-46.6%
Cheung Kong Hong Kong (Real Estate Holding Development)	28.3	94.90	1.01	47.4	-4.7
Westpac Bking Australia (Banks)	69.0	26.36	0.92	62.2	1.4
China Mobile (HK) Hong Kong (Mobile Telecommunications)	197.0	77.00	0.92	10.6	2.8
PetroChina Hong Kong (Integrated Oil Gas)	24.0	8.83	0.91	54.6	-5.7
Aus NZ Bk Australia (Banks)	51.2	22.73	0.84	80.0	-23.5
Kansai Elec Power Japan (Conventional Electricity)	22.2	2,107	0.81	-8.0	-42.6
Commonwlth Bk of Aus Australia (Banks)	74.5	54.55	0.78	86.5	7.7
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.5	55.50	0.73	31.8	-27.2
POSCO South Korea (Iron Steel)	36.6	555,000	0.73	75.6	49.0
China Life Ins Hong Kong (Life Insurance)	33.4	34.85	0.43	55.2	61.0
RioZim Ltd Australia (General Mining)	39.7	72.75	0.33	97.6	15.8
Tokyo Elec Power Japan (Conventional Electricity)	37.1	2,486	0.28	-8.6	-41.6
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.0	2,524	0.28	22.8	-44.9
Mitsubishi UFJ Finl Japan (Banks)	70.2	457.00	0.22	6.5	-69.3
KB Fncl Group South Korea (Banks)	17.3	51,700	0.19	95.8	-39.0
Indl Comm Bk China Hong Kong (Banks)	59.5	5.57	0.18	71.9	25.5
Panasonic Japan (Consumer Electronics)	29.9	1,306	0.15	21.8	-47.0
JFE Hldgs Japan (Iron Steel)	19.0	3,255	0.15	66.5	-57.4
NTT DoCoMo Japan (Mobile Telecommunications)	64.6	140,100	0.14	-7.4	-38.3

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Shinhan Financial Grp South Korea (Banks)	17.6	42,550	0.12%	97.5%	-21.4%
Nintendo Japan (Toys)	34.6	24,500	0.08	-8.4	-24.4
Sumitomo Mitsui Finl Japan (Banks)	42.8	2,875	0.03	-4.8	-75.2
Mizuho Financial Grp Japan (Banks)	27.3	176.00	...	-4.9	-79.4
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	35.8	134.50	...	134.7	-7.2
BHP Billiton Australia (General Mining)	127.1	42.11	-0.12	45.4	46.0
Woolworths Australia (Food Retailers Wholesalers)	28.8	25.99	-0.19	-7.8	-2.8
Shin-Etsu Chml Japan (Specialty Chemicals)	23.0	4,915	-0.20	17.9	-35.4
Sony Japan (Consumer Electronics)	35.1	3,190	-0.31	105.1	-51.1
National Australia Bk Australia (Banks)	47.6	25.25	-0.32	43.8	-37.9
Mitsui Japan (Industrial Suppliers)	28.0	1,400	-0.36	59.6	-36.8
Woodside Petroleum Australia (Exploration Production)	28.7	44.41	-0.43	32.2	16.0
Toyota Motor Japan (Automobiles)	115.6	3,325	-0.45	7.6	-60.1
Takeda Pharm Japan (Pharmaceuticals)	34.7	3,980	-0.50	2.3	-52.2
Canon Japan (Electronic Office Equipment)	52.1	3,825	-0.65	62.4	-42.5
Seven I Hldgs Japan (Broadline Retailers)	20.0	2,001	-0.69	-3.3	-48.2
Samsung Elec South Korea (Semiconductors)	98.3	767,000	-0.78	64.1	32.0
QBE Ins Grp Australia (Reinsurance)	21.7	23.59	-0.84	15.9	-29.8
Mitsubishi Japan (Industrial Suppliers)	41.0	2,262	-0.88	91.5	-18.9
Nippon T&T Japan (Fixed Line Telecommunications)	57.6	3,945	-0.88	-6.1	-39.7

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.28%	-1.88%	-0.5%	-1.6%	4.4%
Event Driven	0.78	-1.36	1.0	-0.3	13.4
Equity Long/Short	0.70	-1.66	2.5	0.3	3.8

*Estimates as of 02/19/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

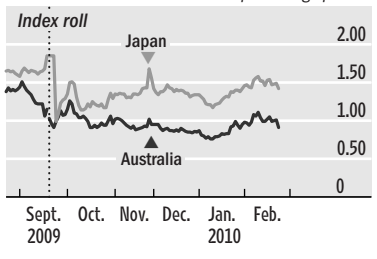
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.84	100.74%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.23	98.96	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.54	101.81	0.05	6.15	3.79	4.94
Asia ex-Japan IG: 12/1	1.10	99.56	0.01	1.34	0.87	1.08
Japan: 12/1	1.42	98.05	0.01	1.68	0.99	1.36

Note: Data as of February 22

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Philippine Long Distance Tel	153	**-18**	-11	3
Korea Dep Ins	78	**-15**	-9	-3
Taisei	361	**-14**	-7	12
China Constr Bk	127	**-12**	-6	2
Woori Bk	131	**-11**	-11	-2
Itochu	150	**-10**	-10	16
Kookmin Bk	116	**-10**	-10	1
Aeon	179	**-9**	-7	19
Samsung Electrs	71	**-8**	-8	-6
Indl Bk Korea	114	**-8**	-7	-3

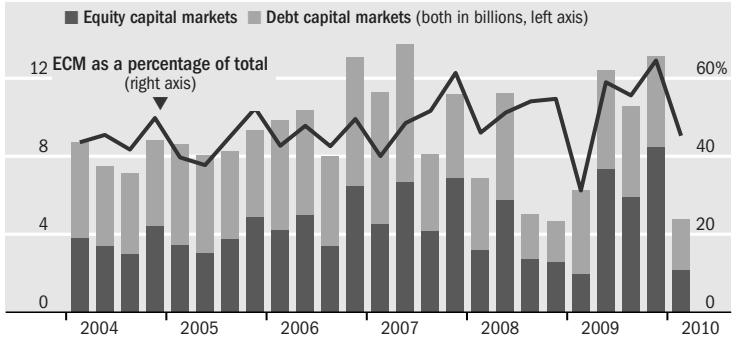
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Toyota Mtr	85	**1**	-14	16
Mitsubishi Chem	132	**1**	-2	20
Tobu Rwy	79	**1**	...	16
Mitsubishi Matls	127	**1**	5	24
East Japan Rwy	35	**2**	-3	14
Cen Japan Rwy	39	**2**	-6	13
Asahi Breweries	57	**3**	...	7
Toppan Prtg	51	**4**	4	21
Mitsubishi Chem Hldgs	152	**12**	6	8
Kawasaki Kisen Kaisha	240	**12**	3	12

Source: Markit Group

Behind global deals: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	379.25	-3.50	-0.91%	714.00	325.00
Soybeans (cents/bu.)	CBOT	968.50	-0.50	-0.05	1,087.50	819.75
Wheat (cents/bu.)	CBOT	509.00	-6.25	-1.21	745.00	472.00
Live cattle (cents/lb.)	CME	93.225	-0.075	-0.08	95.175	85.050
Cocoa ($/ton)	ICE-US	3,008	-75	-2.43	3,514	2,066
Coffee (cents/lb.)	ICE-US	132.15	0.25	0.19%	190.40	118.30
Sugar (cents/lb.)	ICE-US	23.81	-0.31	-1.29	29.00	11.90
Cotton (cents/lb.)	ICE-US	79.25	-0.45	-0.56	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,635.00	4	0.15	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,233	-39	-1.72	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,259	-4	-0.32	1,605	1,256
Copper (cents/lb.)	COMEX	324.25	-8.60	-2.58	355.00	140.00
Gold ($/troy oz.)	COMEX	1105.40	-7.20	-0.65	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1585.50	-36.70	-2.26	1,949.50	916.00
Aluminum ($/ton)	LME	2,149.00	4.00	0.19	2,356.50	1,288.00
Tin ($/ton)	LME	17,045.00	-30.00	-0.18	18,250.00	9,945.00
Copper ($/ton)	LME	7,260.00	-104.50	-1.42	7,695.00	3,215.00
Lead ($/ton)	LME	2,310.00	-28.00	-1.20	2,615.00	995.00
Zinc ($/ton)	LME	2,246.00	-69.00	-2.98	2,659.00	1,088.00
Nickel ($/ton)	LME	20,455	-145	-0.70	21,150	9,475
Crude oil ($/bbl.)	NYMEX	78.82	-1.49	-1.86	116.70	51.00
Heating oil ($/gal.)	NYMEX	2.0486	-0.0396	-1.90	3.4750	1.3939
RBOB gasoline ($/gal.)	NYMEX	2.1856	-0.0374	-1.68	2.2972	1.4475
Natural gas ($/mmBtu)	NYMEX	4.860	-0.053	-1.08	10.800	4.595
Brent crude ($/bbl.)	ICE-EU	77.12	-1.49	-1.90	83.58	51.55
Gas oil ($/ton)	ICE-EU	626.50	-10.75	-1.69	688.00	502.25

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Feb. 23

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2499	0.1905	3.8688	0.2585
Brazil real	2.4729	0.4044	1.8224	0.5487
Canada dollar	1.4244	0.7021	1.0497	0.9527
1-mo. forward	1.4245	0.7020	1.0497	0.9526
3-mos. forward	1.4246	0.7019	1.0498	0.9525
6-mos. forward	1.4249	0.7018	1.0500	0.9524
Chile peso	717.92	0.001393	529.05	0.001890
Colombia peso	2608.90	0.0003833	1922.55	0.0005201
Ecuador US dollar-f	1.3570	0.7369	1	1
Mexico peso-a	17.4253	0.0574	12.8411	0.0779
Peru sol	3.8688	0.2585	2.8510	0.3508
Uruguay peso-e	26.733	0.0374	19.700	0.0508
U.S. dollar	1.3570	0.7369	1	1
Venezuela bolivar	5.83	0.171590	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5143	0.6604	1.1159	0.8962
China yuan	9.2639	0.1079	6.8268	0.1465
Hong Kong dollar	10.5330	0.0949	7.7620	0.1288
India rupee	62.6595	0.0160	46.1750	0.0217
Indonesia rupiah	12607	0.0000793	9290	0.0001076
Japan yen	122.37	0.008172	90.18	0.011089
1-mo. forward	122.36	0.008173	90.17	0.011090
3-mos. forward	122.31	0.008176	90.14	0.011094
6-mos. forward	122.23	0.008181	90.07	0.011102
Malaysia ringgit-c	4.6162	0.2166	3.4018	0.2940
New Zealand dollar	1.9475	0.5135	1.4351	0.6968
Pakistan rupee	115.481	0.0087	85.100	0.0118
Philippines peso	62.693	0.0160	46.200	0.0216
Singapore dollar	1.9140	0.5225	1.4105	0.7090
South Korea won	1567.61	0.0006379	1155.20	0.0008657
Taiwan dollar	43.546	0.02296	32.090	0.03116
Thailand baht	44.896	0.02227	33.085	0.03023

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7369	1.3570
1-mo. forward	1.0000	1.0000	0.7370	1.3569
3-mos. forward	1.0002	0.9998	0.7370	1.3568
6-mos. forward	1.0006	0.9994	0.7373	1.3562
Czech Rep. koruna-b	25.778	0.0388	18.997	0.0526
Denmark krone	7.4440	0.1343	5.4856	0.1823
Hungary forint	269.85	0.003706	198.86	0.005029
Norway krone	8.0288	0.1246	5.9166	0.1690
Poland zloty	3.9828	0.2511	2.9350	0.3407
Russia ruble-d	40.696	0.02457	29.990	0.03334
Sweden krona	9.8087	0.1019	7.2283	0.1383
Switzerland franc	1.4656	0.6823	1.0800	0.9259
1-mo. forward	1.4653	0.6825	1.0798	0.9261
3-mos. forward	1.4646	0.6828	1.0793	0.9265
6-mos. forward	1.4635	0.6833	1.0785	0.9272
Turkey lira	2.0930	0.4778	1.5424	0.6483
U.K. pound	0.8784	1.1384	0.6473	1.5448
1-mo. forward	0.8786	1.1382	0.6474	1.5445
3-mos. forward	0.8789	1.1377	0.6477	1.5439
6-mos. forward	0.8795	1.1370	0.6481	1.5430
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5116	1.9548	0.3770	2.6526
Egypt pound-a	7.4404	0.1344	5.4830	0.1824
Israel shekel	5.1179	0.1954	3.7715	0.2651
Jordan dinar	0.9611	1.0405	0.7083	1.4119
Kuwait dinar	0.3916	2.5537	0.2886	3.4654
Lebanon pound	2036.86	0.0004910	1501.00	0.0006662
Saudi Arabia riyal	5.0887	0.1965	3.7500	0.2667
South Africa rand	10.5048	0.0952	7.7412	0.1292
United Arab dirham	4.9843	0.2006	3.6730	0.2723
SDR -f	0.8873	1.1271	0.6538	1.5294

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
51	**ASIA-PACIFIC**	DJ Asia-Pacific	121.25	0.48	0.40%	-1.5%	57.1%
...	Australia	SPX/ASX 200	4718.31	0.78	0.02	-3.1	41.6
...	China	CBN 600	26538.33	-180.94	-0.68%	-8.7	39.6
18	Hong Kong	Hang Seng	20623.00	245.73	1.21	-5.7	61.1
18	India	Sensex	16286.32	49.27	0.30	-6.7	84.6
...	Indonesia	Jakarta Composite	2583.651	19.388	0.76	1.9	99.4
...	Japan	Nikkei Stock Average	10352.10	-48.37	-0.47	-1.8	42.4
...		Topix	907.37	-2.38	-0.26	...	24.2
...	Malaysia	Kuala Lumpur Composite	1266.43	-0.01	unch.	-0.5	41.6
...	New Zealand	NZSX-50	3126.367	-3.387	-0.11	-3.2	25.7
9	Pakistan	KSE 100	9823.57	-129.50	-1.30	4.7	67.2
14	Philippines	Manila Composite	3013.14	-2.45	-0.08	-1.3	61.2
...	Singapore	Straits Times	2782.55	25.09	0.91	-4.0	72.4
11	South Korea	Kospi	1628.90	1.80	0.11	-3.2	53.1
20	Taiwan	Weighted	7597.44	37.40	0.49	-7.2	71.5
10	Thailand	SET	715.58	9.78	1.39	-2.6	65.9
58	**EUROPE**	DJ Stoxx 600	246.71	-2.96	-1.19	-2.5	42.6
23		DJ Stoxx 50	2477.33	-33.28	-1.33	-3.9	39.3
70	**Euro Zone**	DJ Euro Stoxx	256.99	-4.33	-1.66%	-6.5%	39.1%
21		DJ Euro Stoxx 50	2727.58	-50.54	-1.82	-8.0	37.5
21	Denmark	OMX Copenhagen	335.37	-2.98	-0.88	6.2	49.5
20	Finland	OMX Helsinki	6665.15	-29.84	-0.45	3.2	49.6
16	France	CAC-40	3707.06	-49.64	-1.32	-5.8	36.9
20	Germany	DAX	5604.07	-84.37	-1.48	-5.9	43.9
14	Italy	FTSE MIB	21224.07	-480.71	-2.21	-8.7	37.5
...	Netherlands	AEX	320.99	-4.13	-1.27	-4.3	44.2
...	Russia	RTSI	1423.13		Closed	-0.3	171.2
10	Spain	IBEX 35	10312.9	-257.6	-2.44	-13.6	37.8
16	Switzerland	SMI	6649.09	-38.32	-0.57	1.6	40.8
...	Turkey	ISE National 100	51416.56	-1176.32	-2.24	-2.7	113.9
13	U.K.	FTSE 100	5315.09	-36.98	-0.69	-1.8	39.3
19	**AMERICAS**	DJ Americas	292.69	-2.08	-0.71	-1.3	51.2
...	Brazil	Bovespa	66313.51	-870.65	-1.30	-3.3	71.3
...	Argentina	Merval	2299.88	-46.85	-2.00	-0.9	126.1
19	Mexico	IPC	31827.20	-207.14	-0.65	-0.9	75.5

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.15%	22	**Global TSM**	2251.13	-12.70	-0.56%	-2.9%	54.3%	-8.6%
1.94	20	**Global DOW**	1890.55	-12.95	-0.68	-4.7	49.6	-5.6
2.85	15	**Global Titans 50**	166.82	0.14	0.08	-3.9	39.3	-10.3
2.13	41	**Asia/Pacific TSM**	1198.48	4.59	0.38	-1.5	61.6	-6.7
2.38	15	**Asia/Pacific ex-Japan TSM**	2943.04	10.51	0.36	-4.3	90.8	-0.9
2.71	17	**Europe TSM**	2474.54	-30.03	-1.20	-7.6	53.7	-12.5
1.82	14	**Emerging Markets TSM**	3886.86	-8.36	-0.21	-4.2	92.5	-0.4
2.66	43	**Asian Titans 50**	132.28	0.44	0.33	-1.5	55.3	-8.5
6.30	6	**BRIC 50**	559.12	2.43	0.44	-6.5	93.5	4.2
0.89	27	**CBN China 600** -c	26538.33	-180.94	-0.68	-8.7	39.6	8.3
2.35	18	**China Offshore 50**	3796.76	32.01	0.85	-6.9	59.6	4.4
0.91	30	**Shanghai** -c	357.70	-1.83	-0.51	-7.7	40.8	8.6
0.60%	44	**Shenzhen -c**	391.45	-0.24	-0.06%	-6.0%	52.9%	14.8%
1.82	24	**U.S. TSM**	11307.11	-74.69	-0.66	-0.7	45.3	-8.3
4.94	14	**Global Select Div -d**	193.74	0.56	0.29	-4.1	92.0	-11.0
5.55	14	**Asia/Pacific Select Div -d**	264.52	0.85	0.32	-1.5	108.9	-11.1
4.18	15	**Hong Kong Select Div -d**	188.62	0.55	0.29	0.7	56.6	-0.3
4.16	15	**U.S. Select Dividend -d**	316.90	-2.11	-0.66	0.4	44.7	-14.7
2.10	15	**Islamic Market**	1921.36	-12.94	-0.67	-2.7	46.9	-3.6
2.40	16	**Islamic Market 100**	2055.00	-14.05	-0.68	-3.1	34.8	-3.9
2.78	16	**Islamic China/HK Titans 30**	1458.22	15.91	1.10	-1.9	57.4	0.6
1.26	12	**Sustainability Korea**	1175.33	0.49	0.04	-2.5	107.9	-1.2
4.34	17	**Brookfield Infrastructure**	1982.81	4.60	0.23	-2.2	44.9	-4.9
		DJ-UBS Commodity -p	134.37	-0.47	-0.35	-3.5	31.0	-7.9

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.116	0.647	1.050	6.827	0.737	7.762	46.175	9290.23	90.180	1.435	1155.20	3.402	46.200	1.411	1.080	32.090	33.085
Australia	0.896		0.580	0.941	6.118	0.660	6.956	41.380	8325.44	80.815	1.286	1035.23	3.048	41.402	1.264	0.968	28.757	29.649
Britain	1.545	1.724		1.622	10.546	1.138	11.991	71.333	14352.01	139.315	2.217	1784.61	5.255	71.372	2.179	1.668	49.574	51.111
Canada	0.953	1.063	0.617		6.504	0.702	7.395	43.991	8850.79	85.914	1.367	1100.56	3.241	44.015	1.344	1.029	30.572	31.520
China	0.1465	0.163	0.095	0.154		0.108	1.137	6.764	1360.86	13.210	0.210	169.22	0.498	6.767	0.207	0.158	4.701	4.846
Euro	1.357	1.514	0.878	1.424	9.264		10.533	62.659	12606.84	122.374	1.947	1567.61	4.616	62.693	1.914	1.466	43.546	44.896
Hong Kong	0.129	0.144	0.083	0.135	0.880	0.095		5.949	1196.89	11.618	0.185	148.83	0.438	5.952	0.182	0.139	4.134	4.262
India	0.0217	0.0242	0.0140	0.0227	0.1478	0.0160	0.1681		201.20	1.9530	0.0311	25.02	0.0737	1.0005	0.0305	0.0234	0.6950	0.7165
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0097	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.012	0.076	0.008	0.086	0.512	103.02		0.016	12.81	0.038	0.512	0.016	0.012	0.356	0.367
New Zealand	0.697	0.778	0.451	0.731	4.757	0.513	5.409	32.175	6473.43	62.837		804.94	2.370	32.192	0.983	0.753	22.360	23.054
South Korea	0.0009	0.0010	0.0006	0.0009	0.0059	0.0006	0.0067	0.0400	8.04	0.0781	0.0012		0.0029	0.0400	0.0012	0.0009	0.0278	0.0286
Malaysia	0.294	0.328	0.190	0.309	2.007	0.217	2.282	13.574	2731.01	26.510	0.422	339.59		13.581	0.415	0.317	9.433	9.726
Philippines	0.022	0.024	0.014	0.023	0.148	0.016	0.168	0.999	201.09	1.952	0.031	25.00	0.074		0.031	0.023	0.695	0.716
Singapore	0.709	0.791	0.459	0.744	4.840	0.522	5.503	32.737	6586.48	63.935	1.017	819.00	2.412	32.754		0.766	22.751	23.456
Switzerland	0.926	1.033	0.599	0.972	6.321	0.682	7.187	42.755	8602.06	83.500	1.329	1069.63	3.150	42.778	1.306		29.713	30.634
Taiwan	0.031	0.035	0.020	0.033	0.213	0.023	0.242	1.439	289.51	2.810	0.045	36.00	0.106	1.440	0.044	0.034		1.031
Thailand	0.030	0.034	0.020	0.032	0.206	0.022	0.235	1.396	280.80	2.726	0.043	34.92	0.103	1.396	0.043	0.033	0.970	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of February. 23, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	26	**ALL COUNTRY (AC) WORLD***	291.23	-0.55%	-2.7%	40.0%
2.50	27	**World (Developed Markets)**	1,139.82	-0.47	-2.5	35.9
1.80	116	**World Small Cap**	190.91	-0.58	0.4	54.1
2.60	22	**Kokusai (World ex-Japan)**	1,125.30	-0.16	-3.0	38.8
3.00	27	**EAFE**	1,507.97	-1.19	-4.6	35.2
2.10	20	**Emerging Markets (EM)**	943.30	-1.05	-4.7	78.1
2.60	22	**AC ASIA PACIFIC EX-JAPAN**	397.61	-2.05	-4.5	74.2
2.10	22	**AC Far East ex-Japan**	426.01	-2.03	-5.3	66.1
1.70	-36	**Japan**	569.52	2.39	0.2	16.4
2.00	19	**China**	60.05	2.24	-7.3	60.5
0.90	37	**China A (China Domestic)**	3,087.53	-0.54	-8.7	60.1
2.70	22	**Hong Kong**	9,741.18	1.78	-4.3	47.9
1.00	20	**India**	662.70	0.18	-6.3	82.8
1.10	16	**Korea**	461.84	2.14	-3.9	44.3
2.40	19	**Malaysia**	465.19	0.70	-1.0	42.1
3.10	17	**Singapore**	1,534.58	0.13	-5.6	55.7
2.60	232	**Taiwan**	273.42	1.55	-7.6	71.3
3.00	18	**Thailand**	285.67	1.08	-5.3	59.9
4.00	24	**Australia**	976.69	1.98	-2.4	34.1
5.40	16	**New Zealand**	83.79	0.69	-3.9	4.5
1.90	32	**US BROAD MARKET**	1,235.15	0.09	-0.1	37.3
3.40	17	**EUROPE**	86.68	-0.27	-1.8	29.6

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

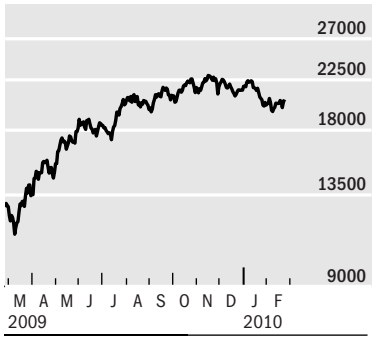
Nikkei Stock Average
Japan 10352.10
▼ **0.47% or 48.37**

Auto and resource-related stocks were lower after a sharp rally the previous day. Concerns over yen strengthening hurt exporters. Inpex fell 3.1% and Honda Motor fell 2.2%.

Stock	Volume in millions	Close	Change Net	Change %
Kawasaki Kisen K	**79.38**	326	11	3.49
Mizuho Financial	**61.80**	176	unch	...
GS Yuasa	**54.73**	646	21	3.36
Sanyo Elec	**49.83**	153	8	5.52
Nippon Steel	**39.66**	336	5	1.51

Hang Seng
Hong Kong 20623.00
▲ **1.21% or 245.73**

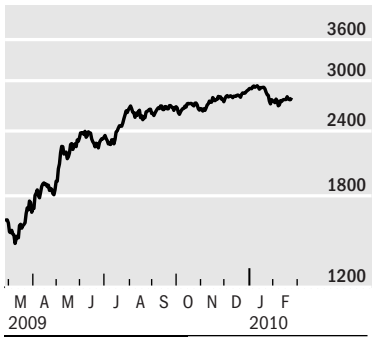
The property sector paced the advance after Sun Hung Kai Properties' aggressive bid Monday in a government auction. Sun Hung Kai rose 3.4%; Henderson Land jumped 4.2%.



Stock	Volume in millions	Close	Change Net	Change %
Icbc	**271.35**	5.57	0.01	0.18
Bank Of China	**262.24**	3.86	0.05	1.31
CCB	**242.84**	5.93	0.07	1.19
PetroChina	**83.46**	8.83	0.08	0.91
ChinaPetroChem	**73.21**	5.96	0.05	0.85

Straits-Times
Singapore 2782.55
▲ **0.91% or 25.09**

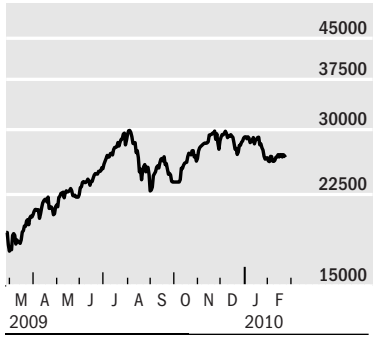
Sembcorp Marine's better-than-expected earnings helped sentiment. The stock jumped 7.6%. Cosco fell 1.6% after its fourth-quarter profit disappointed.



Stock	Volume in millions	Close	Change Net	Change %
Genting Spore	**107.66**	0.96	–0.02	–1.55
Golden Agri	**47.01**	0.55	unch	...
Sembcorp Marine	**32.94**	3.67	0.26	7.62
Noble Grp	**19.88**	3.12	0.10	3.31
Cosco	**18.26**	1.26	–0.02	–1.56

CBN 600
China 26538.33
▼ **0.68% or 180.94**

Fears of an oversupply of bank shares hurt stocks. Ping An Insurance fell 8.9% on news that three local holders will be allowed to sell significant holdings.



Stock	Volume in millions	Close	Change Net	Change %
Cn Ping An	**163.39**	44.72	–4.36	–8.88
FujianExpresswyDev	**115.31**	7.73	0.25	3.34
China State Con	**94.34**	4.26	–0.04	–0.93
FujianQingshPapInd	**74.88**	4.83	0.44	10.02
ChinaSportsIndstry	**72.76**	11.30	0.71	6.70

Asian stocks in the news

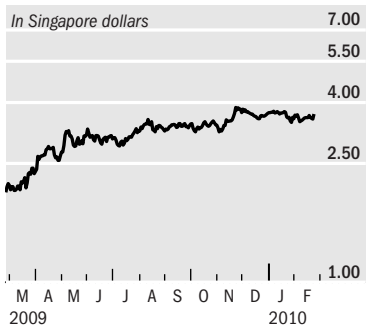
Kawasaki Kisen Kaisha
Japan ¥326
▲ **3.5% or ¥11**

Morgan Stanley lifted the stock to "overweight" from "equal-weight."

	Price-to-earnings ratio			
	Earnings per share, past four quarters			**-91.50**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**0.5%**	2.2%	74.3%
Kawasaki Kisen Kaisha		**3.5%**	5.5%	6.2%

SembCorp Inds
Singapore S$3.66
▲ **4.0% or S$0.14**

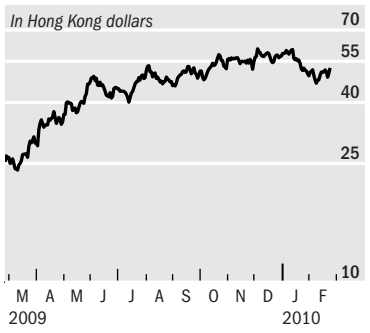
The firm has a significant stake in Sembcorp Marine, which posted better-than-expected profit.



	Price-to-earnings ratio			**12**
	Earnings per share, past four quarters			**0.29**
	Dividend yield			**3.0**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**0.5%**	2.2%	74.3%
SembCorp Inds		**4.0%**	0.0%	83.0%

Henderson Land Dev
Hong Kong HK$52.25
▲ **4.2% or HK$2.10**

Developers gained on Sun Hung Kai Properties' aggressive bid Monday in a government auction.



	Price-to-earnings ratio			**20**
	Earnings per share, past four quarters			**2.58**
	Dividend yield			**1.1**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate		**1.4%**	1.2%	71.1%
Henderson Land Dev		**4.2%**	0.0%	106.5%

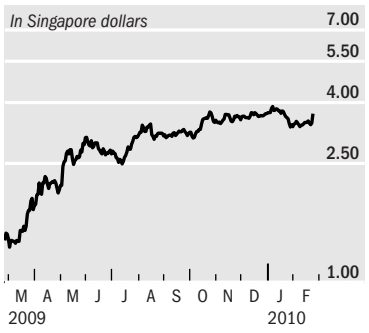
CNPC (HK)
Hong Kong HK$9.74
▲ **4.6% or HK$0.43**

The company said its PetroChina unit discovered a high flow of gas from a Tarim oil field well.

	Price-to-earnings ratio			**19**
	Earnings per share, past four quarters			**0.51**
	Dividend yield			**1.5**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas		**0.2%**	0.5%	58.5%
CNPC (HK)		**4.6%**	0.0%	249.1%

SembCorp Marine
Singapore S$3.67
▲ **7.6% or S$0.26**

The firm posted a quadrupling of fourth-quarter profit and raised its outlook for this year by 37%.



	Price-to-earnings ratio			**16**
	Earnings per share, past four quarters			**0.23**
	Dividend yield			**3.0**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**0.5%**	2.2%	74.3%
SembCorp Marine		**7.6%**	0.0%	165.9%

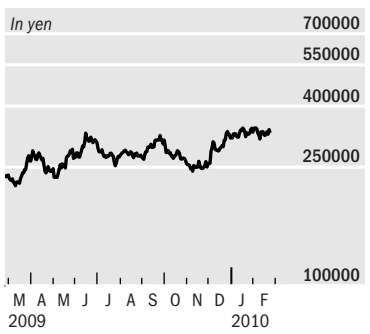
Yamaha
Japan ¥1,068
▼ **2.3% or ¥25**

Japan exporters were hurt by a rise in the yen.

	Price-to-earnings ratio			**427**
	Earnings per share, past four quarters			**2.50**
	Dividend yield			**2.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds		**0.2%**	1.7%	52.2%
Yamaha		**-2.3%**	3.4%	43.2%

Japan Tobacco
Japan ¥325,500
▼ **2.5% or ¥8,500**

Japan officials will seek a nationwide ban on smoking in bars, restaurants and other public places.



	Price-to-earnings ratio			**27**
	Earnings per share, past four quarters			**12200.00**
	Dividend yield			**1.7**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds		**0.2%**	1.7%	52.2%
Japan Tobacco		**-2.5%**	2.0%	41.6%

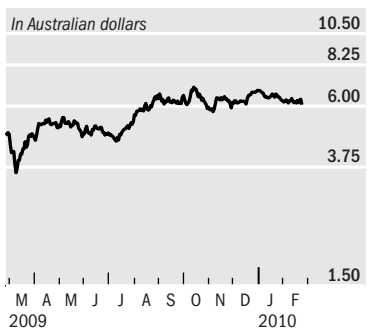
Inpex
Japan ¥663,000
▼ **3.1% or ¥21,000**

Resource shares were weak after a sharp rally in the previous session.

	Price-to-earnings ratio			**16**
	Earnings per share, past four quarters			**42401.40**
	Dividend yield			**0.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas		**0.2%**	0.5%	58.5%
Inpex		**-3.1%**	-1.9%	3.3%

AMP
Australia A$6.07
▼ **4.1% or A$0.26**

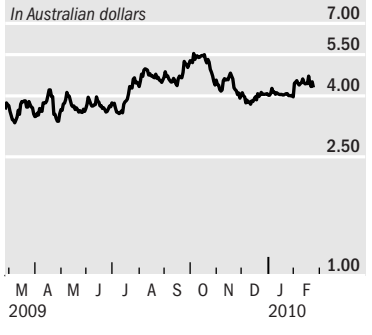
The stock went ex-dividend.



	Price-to-earnings ratio			**16**
	Earnings per share, past four quarters			**0.37**
	Dividend yield			**2.6**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Financial Services		**0.3%**	2.5%	86.6%
AMP		**-4.1%**	-1.3%	26.7%

Aristocrat Leisure
Australia A$4.27
▼ **4.3% or A$0.19**

Fiscal-year revenue fell 16% and the company said it won't pay a dividend.



	Price-to-earnings ratio			
	Earnings per share, past four quarters			**-0.31**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure		**0.3%**	0.7%	27.6%
Aristocrat Leisure		**-4.3%**	-3.0%	18.6%

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 16

LAST: **10309.32** ▼ 74.06, or 0.71%
YEAR TO DATE: ▼ **118.73, or 1.1%**
OVER 52 WEEKS ▲ **2,958.38, or 40.2%**

Nasdaq Composite Index P/E: 26*

LAST: **2214.89** ▼ 27.14, or 1.21%
YEAR TO DATE: ▼ **54.26, or 2.4%**
OVER 52 WEEKS ▲ **773.06, or 53.6%**

S&P 500 Index P/E: -21

LAST: **1097.27** ▼ 10.74, or 0.97%
YEAR TO DATE: ▼ **17.83, or 1.6%**
OVER 52 WEEKS ▲ **324.13, or 41.9%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**12.10**	$24.89	-0.13	**-0.52%**
Alcoa	AA	**13.70**	13.21	-0.33	**-2.44**
AmExpress	AXP	**4.00**	38.06	-0.87	**-2.23**
BankAm	BAC	**95.20**	16.08	-0.14	**-0.83**
Boeing	BA	**2.20**	62.58	-1.39	**-2.17**
Caterpillar	CAT	**4.50**	56.64	-1.39	**-2.39**
Chevron	CVX	**4.70**	72.22	-0.74	**-1.01**
CiscoSys	CSCO	**14.20**	23.95	-0.36	**-1.46**
CocaCola	KO	**2.80**	54.98	-0.40	**-0.72**
Disney	DIS	**5.30**	31.00	-0.12	**-0.39**
DuPont	DD	**2.40**	33.75	-0.23	**-0.68**
ExxonMobil	XOM	**10.50**	65.00	-0.40	**-0.61**
GenElec	GE	**26.30**	16.02	-0.23	**-1.42**
HewlettPk	HPQ	**5.10**	50.16	-0.40	**-0.79**
HomeDpt	HD	**18.50**	30.91	0.59	**1.95**
Intel	INTC	**32.60**	20.41	-0.46	**-2.20**
IBM	IBM	**1.90**	126.45	-0.40	**-0.32**
JPMorgChas	JPM	**19.90**	40.46	-0.39	**-0.95**
JohnsJohns	JNJ	**4.70**	63.61	0.12	**0.19**
KftFoods	KFT	**6.80**	29.12	0.17	**0.59**
McDonalds	MCD	**2.40**	64.98	0.21	**0.32**
Merck	MRK	**5.20**	36.71	-0.41	**-1.10**
Microsoft	MSFT	**25.50**	28.20	-0.53	**-1.84**
Pfizer	PFE	**16.80**	17.72	-0.23	**-1.28**
ProctGamb	PG	**6.20**	63.27	-0.15	**-0.24**
3M	MMM	**1.30**	80.31	-0.37	**-0.46**
TravelersCos	TRV	**1.70**	53.00	-0.04	**-0.08**
UnitedTech	UTX	**1.70**	68.06	-0.34	**-0.50**
Verizon	VZ	**5.40**	28.71	-0.29	**-1.00**
WalMart	WMT	**6.40**	54.01	0.18	**0.33**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**147.4**	$3.40	–$0.06	**–1.73%**
BrcadeComm	BRCD	**117.1**	5.33	–1.63	**–23.42**
BankAm	BAC	**96.4**	16.08	–0.13	**–0.80**
SPDR S&P 500	SPY	**95.6**	110.04	–1.12	**–1.01**
SiriusXM	SIRI	**52.9**	1.07	–0.02	**–1.83**
FordMotor	F	**47.1**	11.38	0.17	**1.52**
SPDR FnclSelSct	XLF	**45.6**	14.49	–0.16	**–1.09**
PwrShrs QQQ	QQQQ	**43.6**	44.16	–0.58	**–1.30**
iShrMSCIEmrgMkt	EEM	**39.4**	38.83	–0.60	**–1.52**
DrxFinancBear 3x	FAZ	**36.5**	18.27	0.42	**2.35**
Intel	INTC	**34.6**	20.42	–0.45	**–2.16**
iShrRu2000	IWM	**29.4**	62.39	–0.86	**–1.36**
Microsoft	MSFT	**26.5**	28.20	–0.53	**–1.84**
GenElec	GE	**26.3**	16.01	–0.24	**–1.48**
SprintNextel	S	**23.9**	3.33	–0.15	**–4.31**

Biggest gainers...

ZaleCp	ZLC	**6,087.3**	$2.45	$0.44	**21.89%**
PMI Gp	PMI	**8,694.9**	3.09	0.38	**14.02**
RadianGrp	RDN	**13,202.4**	9.69	1.11	**12.94**
Natuzzi ADS	NTZ	**79.2**	4.45	0.48	**12.09**
CheckptSys	CKP	**282.6**	19.12	2.06	**12.08**

...Biggest losers

BrcadeComm	BRCD	**117,106.4**	$5.33	-$1.63	**-23.42%**
OrbitzWrldwd	OWW	**596.6**	5.96	-1.21	**-16.88**
GrtLksDrdgDck	GLDD	**1,016.2**	5.14	-0.72	**-12.35**
Commscope	CTV	**4,228.3**	24.40	-3.18	**-11.53**
Tennant	TNC	**368.5**	22.99	-2.69	**-10.48**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.88	**Taiwan Semi**	TSM	**8,521.6**	$9.92	-0.08	**-0.80%**
13.30	6.35	**AU Optrncs**	AUO	**3,677.8**	10.52	-0.48	**-4.36**
82.74	33.09	**BHP Billiton**	BHP	**2,205.2**	73.71	-1.24	**-1.65**
8.19	4.18	**Siliconware Prec Ind**	SPIL	**1,644.2**	6.16	-0.17	**-2.69**
4.24	1.65	**Utd Microelectronics**	UMC	**1,563.2**	3.63	-0.09	**-2.42**
91.97	56.79	**Toyota Motor**	TM	**1,028.0**	72.02	-0.91	**-1.25**
15.95	8.74	**China Unicom**	CHU	**990.6**	11.03	-0.02	**-0.18**
37.23	20.72	**Honda Motor**	HMC	**923.9**	33.90	-0.73	**-2.11**
5.23	1.57	**Adv Semi Engrg**	ASX	**821.8**	4.31	-0.12	**-2.71**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**777.7**	4.95	-0.01	**-0.20**
59.22	40.20	**China Mobile**	CHL	**529.9**	48.82	-0.27	**-0.55**
18.20	6.85	**Korea Elec Pwr**	KEP	**527.3**	16.53	-0.25	**-1.49**
59.13	22.61	**Infosys Tech**	INFY	**508.3**	55.35	-0.57	**-1.02**
34.27	10.70	**Aluminum Cp of China**	ACH	**489.2**	23.59	-0.11	**-0.46**
9.82	5.43	**Telecom Corp of NZ**	NZT	**391.9**	7.83	-0.30	**-3.72**
18.64	12.59	**SK Telecom**	SKM	**369.9**	17.15	-0.10	**-0.58**
9.50	3.96	**Nomura Hldgs**	NMR	**289.3**	7.25	0.08	**1.11**
16.52	13.11	**NTT DoCoMo**	DCM	**265.3**	15.40	0.09	**0.59**
35.59	15.64	**Sony**	SNE	**260.0**	34.62	-0.16	**-0.46**
21.22	16.33	**ChunghwaTel**	CHT	**254.5**	18.51	-0.09	**-0.48**
81.00	38.70	**China Life Ins**	LFC	**237.8**	66.35	-0.78	**-1.16**
150.50	47.09	**POSCO**	PKX	**156.5**	118.33	-1.97	**-1.64**
21.78	11.30	**KT Corp**	KT	**149.1**	19.75	-0.62	**-3.04**
43.95	21.23	**Canon**	CAJ	**133.0**	41.72	-0.47	**-1.11**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**119.6**	20.54	-0.27	**-1.30**
24.09	17.71	**NTT**	NTT	**113.9**	21.71	-0.03	**-0.14**
17.19	10.60	**Matsushita Elec**	PC	**113.6**	14.24	0.00	**0**
4.98	1.55	**SemiMfgInt**	SMI	**107.1**	4.85	-0.03	**-0.61**
135.92	63.94	**PetroChina**	PTR	**103.8**	111.10	-1.06	**-0.95**
61.06	38.32	**Phlp Lng Dst Tel**	PHI	**96.6**	55.15	0.24	**0.44**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

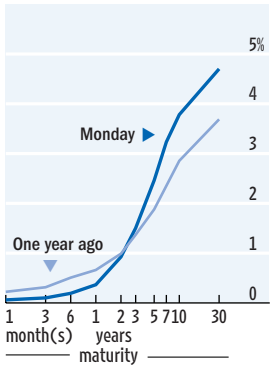
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.680%**	**384.2**	378.1	356.8	**175.7**	**4.680%**	4.369%	**2.695%**
4.500	10	**5.660**	**192.9**	187.3	188.0	**138.3**	**5.665**	5.489	**4.143**
5.000	**Austria** 2	**1.403**	**56.5**	53.8	81.0	**48.0**	**1.437**	1.611	**1.418**
3.900	10	**3.595**	**-13.6**	-7.5	8.2	**143.4**	**3.717**	3.691	**4.194**
2.000	**Belgium** 2	**1.130**	**29.2**	31.4	66.8	**44.8**	**1.213**	1.469	**1.386**
3.750	10	**3.691**	**-4.0**	-0.3	21.3	**139.7**	**3.789**	3.822	**4.157**
1.500	**Canada** 2	**1.338**	**50.0**	48.7	36.7	**22.7**	**1.386**	1.168	**1.165**
3.750	10	**3.460**	**-27.1**	-28.5	-23.6	**8.0**	**3.507**	3.373	**2.840**
4.000	**Denmark** 2	**1.689**	**85.1**	88.8	107.0	**137.5**	**1.787**	1.871	**2.313**
4.000	10	**3.471**	**-26.0**	-21.2	-7.7	**70.4**	**3.580**	3.532	**3.464**
3.750	**France** 2	**0.991**	**15.3**	15.0	23.8	**63.7**	**1.049**	1.039	**1.575**
3.500	10	**3.445**	**-28.6**	-22.5	-13.1	**78.6**	**3.567**	3.478	**3.546**
1.250	**Germany** 2	**0.944**	**10.6**	9.4	30.3	**39.3**	**0.993**	1.104	**1.331**
3.250	10	**3.169**	**-56.2**	-51.3	-40.1	**27.8**	**3.279**	3.208	**3.038**
0.640	**Hong Kong** 2	**0.783**	**-5.5**	-9.1	-22.1	**-25.7**	**0.808**	0.580	**0.681**
2.160	10	**2.951**	**-78.0**	-66.2	-72.7	**-104.7**	**3.130**	2.882	**1.713**
5.000	**Italy** 2	**1.514**	**67.6**	62.1	89.9	**121.8**	**1.520**	1.700	**2.156**
4.250	10	**4.028**	**29.7**	28.7	49.6	**167.2**	**4.079**	4.105	**4.432**
0.200	**Japan** 2	**0.160**	**-67.8**	-73.9	-63.6	**-54.0**	**0.160**	0.165	**0.398**
1.300	10	**1.338**	**-239.3**	-244.4	-227.4	**-148.9**	**1.348**	1.335	**1.271**
2.500	**Netherlands** 2	**0.945**	**10.7**	14.3	-9.2	**76.1**	**1.042**	0.709	**1.699**
3.500	10	**3.437**	**-29.4**	-24.5	-18.5	**108.3**	**3.547**	3.424	**3.843**
3.200	**Portugal** 2	**1.369**	**53.1**	50.3	62.2	**89.7**	**1.402**	1.423	**1.835**
4.800	10	**4.588**	**85.7**	81.5	68.8	**174.1**	**4.607**	4.297	**4.501**
5.350	**Spain** 2	**1.308**	**47.0**	46.4	70.3	**116.1**	**1.363**	1.504	**2.099**
4.000	10	**3.928**	**19.7**	22.1	52.9	**138.9**	**4.013**	4.138	**4.149**
2.750	**Switzerland** 2	**0.355**	**-48.3**	-51.8	-16.3	**-53.6**	**0.381**	0.638	**0.402**
2.250	10	**1.954**	**-177.7**	-180.1	-157.2	**-60.1**	**1.991**	2.037	**2.159**
3.250	**U.K.** 2	**1.037**	**19.9**	23.7	44.1	**58.1**	**1.136**	1.242	**1.519**
3.750	10	**4.165**	**43.4**	44.8	31.3	**69.7**	**4.240**	3.922	**3.457**
0.875	**U.S.** 2	**0.838**	**...**	...	...	**...**	**0.899**	0.801	**0.938**
3.625	10	**3.731**	**...**	...	...	**...**	**3.792**	3.609	**2.760**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.701%**	16.04	–2.85%	–0.49%	–0.49%	–11.75%
10-year Treasury	**3.782**	8.30	–1.16	0.99	0.99	–4.06
7 Year Treasury	**3.234**	6.19	–0.74	1.56	1.56	...
Five-year Treasury	**2.462**	4.65	–0.38	1.26	1.26	1.68
Ryan Index	**2.768**	6.67	–0.90	0.84	0.84	–1.21
3 Year Treasury	**1.504**	2.92	–0.15	0.99	0.99	2.81
Two-year Treasury	**0.924**	1.93	–0.13	0.65	0.65	2.18
1 Year Treasury	**0.366**	0.97	–0.03	0.17	0.17	1.28
Six-month Treasury	**0.193**	0.50	...	0.03	0.03	0.66
Ryan Cash Index-a	**0.180**	0.45	–0.01	0.06	0.06	0.61
Three-month bill	**0.101**	0.25	0.01	0.02	0.02	0.36
One-month bill	**0.061**	0.07	...	...	...	0.13

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.00
ECB	**1.00**	2.00
Switzerland	**0.52**	0.52
Australia	**3.75**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22875%**	0.47688%
Three month	**0.25194**	1.25000
Six month	**0.39375**	1.74750
One year	**0.86688**	2.04125

	Latest	52 wks ago
Euro Libor		
One month	**0.38563%**	1.55625%
Three month	**0.60750**	1.85875
Six month	**0.91813**	1.96813
One year	**1.20813**	2.06625
Hibor		
One month	**0.07000**	0.16857%
Three month	**0.13000**	0.77000
Six month	**0.25000**	1.11786
One year	**0.54929**	1.52071
Asian dollars		
One month	**0.2376%**	0.48%
Three month	**0.2576**	1.2438
Six month	**0.3960**	1.7275
One year	**0.8630**	2.0350

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.17%**	0.28%
U.K. (BBA)	**0.517**	0.803
Euro zone	**0.29**	1.26

Sources: WSJ Market Data Group; Reuters

HEARD ON THE STREET

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Toyota Motor girds for next road test: used cars

Rarely do used-car salesmen get their due. But they could play a vital role in how smoothly **Toyota Motor** emerges from its crisis.

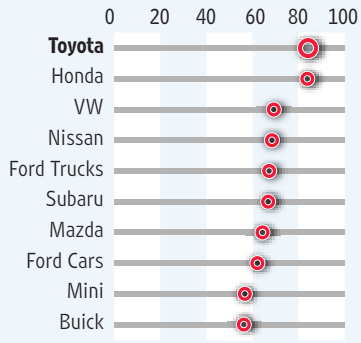
The price of used Toyotas in North America, the company's No. 2 market by volume, is critical. When stable at a high level, the value of these cars, backed by a brand's reputation for quality and safety, creates a virtuous cycle. A new car that will hold its value is particularly attractive to buyers.

And Toyota holds a nice position. By residual value, Toyota's cars are second only to those of **Honda Motor**. By perceived quality, they are the highest ranked in the U.S., according to the Automotive Lease Guide.

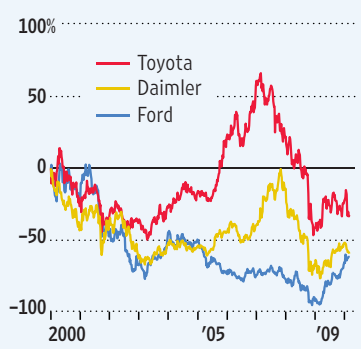
A break in this, because of the recent string of recalls, bumbled crisis management and a media frenzy over safety issues, would hit Toyota partly through its financing arm.

Road hazards

Perceived quality survey score in the U.S., fall 2009



Share performance, weekly data in local markets



Sources: Automotive Lease Guide (survey score), Thomson Reuters Datastream (share performance)

Mainly a North American operation, that business contributed $2.3 billion in operating profit in the nine months through December, helping Toyota overcome losses elsewhere. Overall, the company's operating profit was $580 million.

Already, Automotive Lease Guide said that if Toyota doesn't remedy the situation quickly, it could face a "pretty steep" four-to-five-percentage-point drop in residual values. Automotive Lease Guide is conducting its semiannual quality perception survey, which affects those values and will be released next month.

Given the nearly $18 billion value of leased cars on Toyota's books, that scenario could mean a $900 million hit to their value, possibly necessitating write-downs. Moreover, fewer loans and leases, if demand for new Toyotas dries up, and higher funding costs because of lower credit ratings also could hurt.

Toyota's efforts to rebuild market share also might bite, as the leasing business offers buyers attractive financing deals. Other kinds of incentives also can damage brand value by lowering the average price of all the maker's cars.

Overall, factoring in falling sales volume, prices and residual values, Deutsche Bank's Kurt Sanger estimates a hit to Toyota's operating profit of $3.2 billion in the next five quarters.

A profit blow from residual values isn't a certainty. The wholesale price of used Toyotas in February "surprisingly" rose 2% from January, Automotive Lease Guide economist Matt Traylen said. This, even though retail-sale prices are down nearly 3%. It is a sign dealers still have confidence in the brand and the handling of the recalls, while consumers are taking a wait-and-see attitude.

Toyota has almost $24 billion in cash and equivalents. That gives plenty to spend on fixing its problems and on marketing and advertising to shore up sales and the brand.

Even so, if used Toyota prices fall significantly, it won't be an easy ride for the king of the road.

—James Simms

India's speculators on the sidelines

It is budget time in India—a season of tall wagers and tooth fairy-like hopes.

But this time, as Friday's unveiling approaches, the stock-market speculators appear to be absent. The 30-stock Sensex is up 1% in the past two weeks. Daily trading volume on the Bombay Stock Exchange has been nearly half its recent average.

Such response belies the importance of New Delhi's spending plans for India's economy.

The public sector accounts for a fifth of India's $1 trillion gross domestic product. Plus, India's corporate lobbyists make no secret of their wish lists: higher caps on foreign investment or a lower tax regime, for example.

In the recent past, that has created an environment of heavy speculation. Elections last year meant India actually had two budget seasons: the Sensex jumped 6.3% in the two week run-up to February's interim budget announcement and 4% ahead of the annual budget in July.

There are some good reasons for investors to hold back in 2010. They were burned in both budget announcements in 2009.

Stocks tumbled as New Delhi first fell short of expectations for a big stimulus plan and then did little to advance widely expected economic measures.

Moreover, expectations have usually centered on handouts and more government spending.

This time, forecasters are looking for New Delhi to roll back stimulus and focus on narrowing its fiscal deficit, which amounts to 6.8% of the gross domestic product in this fiscal year.

If New Delhi does look to reduce spending, cutting back on welfare—food for the poor, education and rural employment—isn't an option. Instead, it is the corporate handouts, such as lowered duties on auto sales, that are more likely to be targeted.

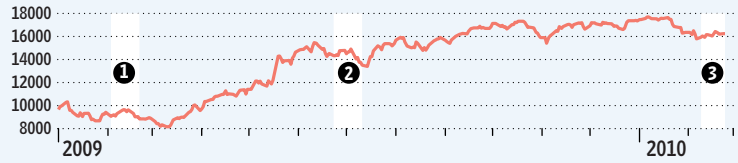
But even short-sellers have reason to be wary. The rhetoric of fiscal discipline itself is a rarity in India, where governments are usually loath to pull back spending. If Delhi surprises again, it will be with less of a pullback than expected, a boon to stocks.

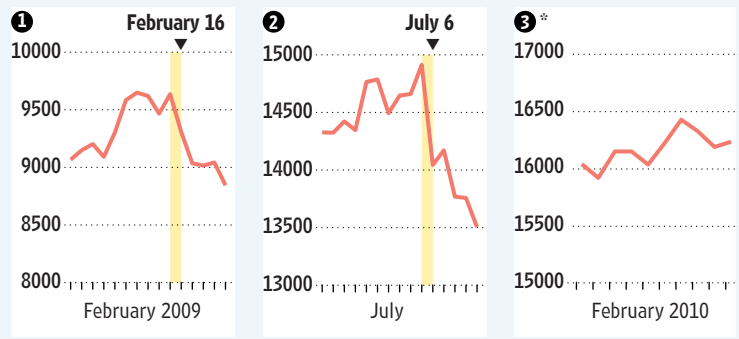
That makes this budget a larger unknown, and a riskier gamble than ever.

—Harsh Joshi

Twice bitten

Sensex movement before and after government budget announcements:





* Budget to be announced on Friday

Source: Thomson Reuters Datastream

delta lloyd groep
EUR 1,088,800,000
Initial Public Offering
Joint Bookrunner
November 2009

USD 600,000,000
Qualified Institutional Placement of Ordinary Shares
Book Running Lead Manager
November 2009

Ford
USD 2,875,000,000
Convertible Bond Offering
Joint Bookrunner
November 2009

HEIDELBERGCEMENT
EUR 4,427,000,000
Rights Issue and Secondary Sell-down
Co-Bookrunner
October 2009

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